

SEVENTH ANNUAL

REGIONAL ECONOMIC FORECAST FOR SOUTHERN CALIFORNIA 2004-2005



What's on the Horizon?

Mission Statement



Leadership, vision and **progress** which promote economic growth, personal well-being, and livable communities for all Southern Californians.

The Association will accomplish this Mission by:

- ▲ Developing long-range regional plans and strategies that provide for efficient movement of people, goods and information; enhance economic growth and international trade; and improve the environment and quality of life.
- ▲ Providing quality information services and analysis for the region.
- ▲ Using an inclusive decision-making process that resolves conflicts and encourages trust.
- ▲ Creating an educational and work environment that cultivates creativity, initiative, and opportunity.

Funding: The preparation of this report was financed in part through grants from the United States Department of Transportation — Federal Highway Administration and the Federal Transit Administration — under provisions of the Transportation Equity Act for the 21st Century (TEA-21). Additional financial assistance was provided by the California State Department of Transportation.

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Rev. 10.1.03

Regional Economic Forecast for Southern California

2004-2005

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*This conference is organized and produced by the Economic
Policy Section, Planning and Policy Department,
Southern California Association of Governments*

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*Assistance was provided by the Government and Public Affairs
Division of SCAG*

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A Message From the President

Southern California faces numerous short- and long-term economic challenges. As we address those challenges, I welcome your participation in the Southern California Association of Governments' seventh annual Regional Economic Forecast Conference. The Association believes that regions are the defining geography for economic progress and development. Strategies aimed at promoting a healthy regional economy are necessary for the successful implementation of government policies in other areas such as transportation, air quality and housing.

The economic forecasts presented at this conference are unique. They are the only predictions in Southern California devoted exclusively to the 2004-2005 economic outlook for the region as a whole. As such, they fill a gap between predictions of economic conditions in a single county and forecasts that focus on the outlook for California or the nation. In addition, the Conference brings together academic institutions from throughout the region as well as business leaders from key regional industry "clusters."

In today's uncertain times, global competitiveness will only be achieved and maintained through regional collaboration, both among industry clusters and between policy makers, the business community, academia and the Southern California community at large. Bringing together the resources for this Regional Economic Forecast Conference is part of SCAG's contribution to that collaboration, in partnership with California State University, Long Beach and California State University, Fullerton. We sincerely hope that the forecasts presented here will assist you in your strategic and budget planning in the coming months and years.



Bev Perry

Bev Perry
President, Southern California Association of Governments
Mayor, City of Brea

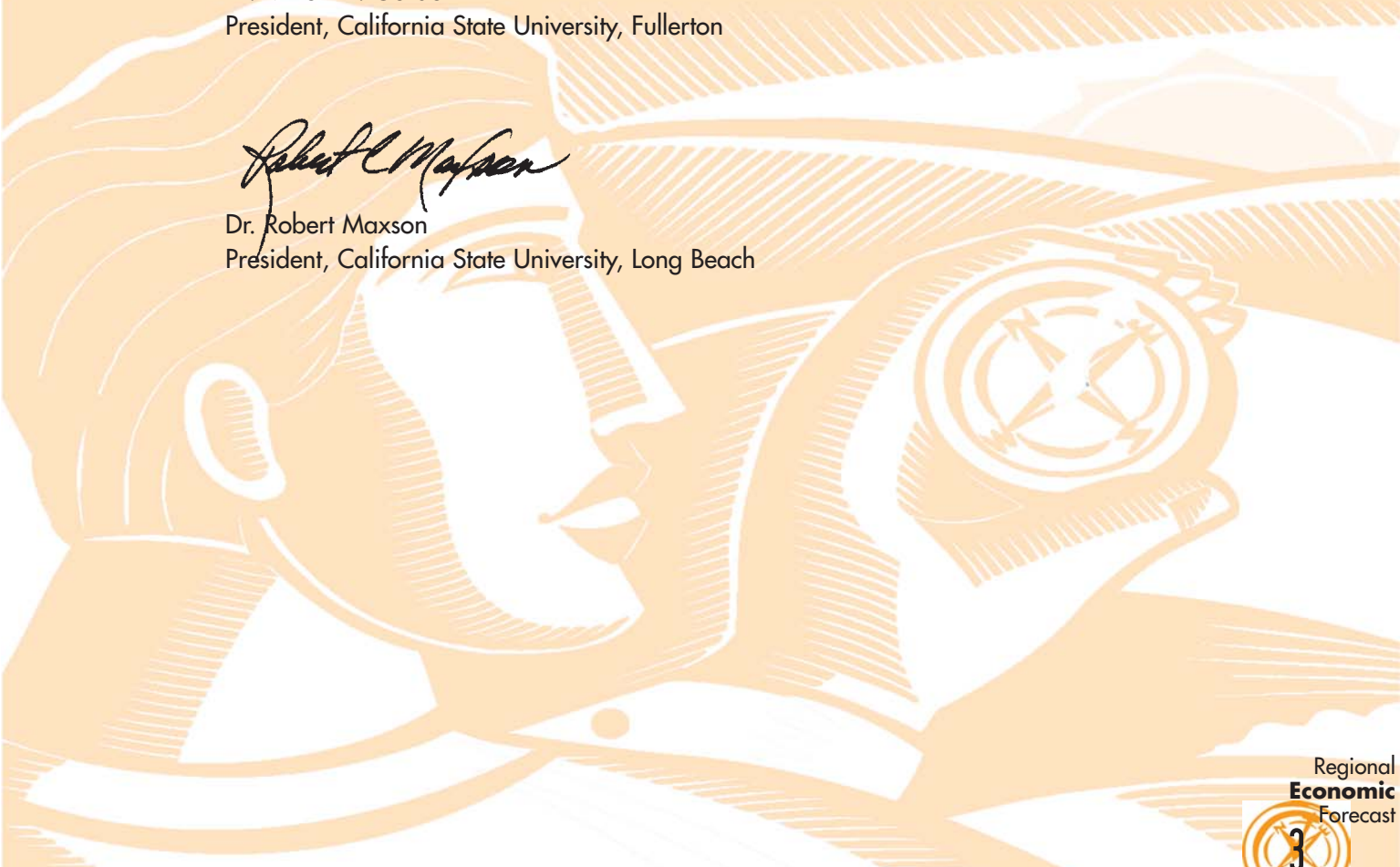


California boasts the world's fifth largest economy and its southern half is a hub of American innovation, research and economic activity. Propelled by industries as diverse as high tech manufacturing, aerospace, tourism, entertainment and international trade, the state is poised to steadily upgrade its status as an economic powerhouse of the 21st century.

A Message From the Universities

The Southern California Association of Governments (SCAG) works to ensure that the region plans accordingly to sustain this vibrant economy and to meet the future needs of its growing population. In conjunction with SCAG, research teams at Southern California universities assemble the data needed to formulate sound public policy for this region of over 17 million people living in an area of more than 38,000 square miles.

The entrepreneurial spirit that thrives in Southern California has made it a region known both nationally and internationally as a birthplace of novel ideas. As academic institutions in partnership with the Southern California Association of Governments, we are honored to be a part of this ambitious effort to provide for our collective future.



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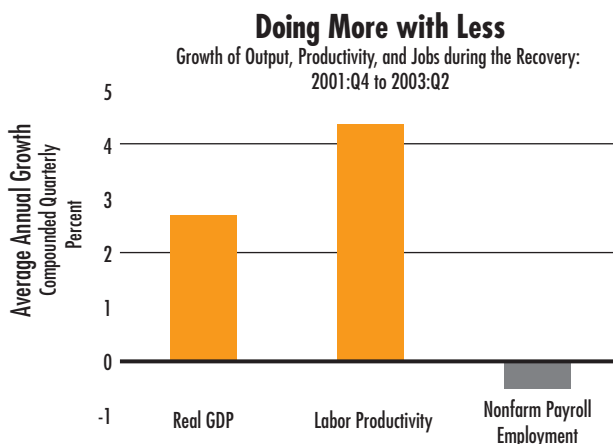
National and California Economic Outlook: Got Jobs?

With a simple update, this year's report on the national and California economies could begin with the first sentence of last year's report: "Output of the national economy has grown for ~~four~~ seven consecutive quarters, but nonfarm payroll employment has fallen about one percent over that period." Depending on how you look at it, the problem is that demand has not grown quickly enough or labor productivity has grown too quickly to generate job growth. While payroll employment continued to shrink in both California and the nation in the first ten months of 2003, output growth picked up sharply in the third quarter and into the fourth quarter. Still, unless that output growth can be turned into job growth, the two economies will slip back into their old jobless recovery ways. The next few months will be key.

Third Time the Charm for Tax Cuts?

The third installment of Bush administration tax cuts largely accounts for the current spurt in gross domestic product (GDP). The earlier two tax cuts also boosted the economy, but only temporarily. The hope is that the latest cut will result in sustainable faster growth. So far in the current recovery, inflation-adjusted GDP has grown at an average annual rate of 2.7 percent, tying it with the early-1990s recovery for slowest post-World War II

Figure 1



recovery. Worse yet, output growth has not kept pace with productivity growth, allowing employers to hold off on hiring additional employees (Figure 1).

Despite being concerned about weak labor markets, consumers have continued to spend freely. Consumer expenditures grew 3.8 percent at an annual rate in the second quarter, a nice increase over a rather anemic 2.0 percent gain in the first quarter. The third quarter brought even stronger growth, as tax cuts, low interest rates, and a stabilizing labor market likely pushed growth of consumer spending above 5 percent. (This report was written a few days before the release of the first estimate of third quarter real GDP.) As a result, expectations are high for the holiday shopping season.

Business investment resumed growing in the second quarter of 2003 following an unexpected decline in the first quarter. Most importantly, investment in equipment and software resumed growing. Much of the first quarter decline was concentrated in transportation equipment, particularly motor vehicles and civilian aircraft. Investment in information equipment, on the other hand, increased in both quarters. After declining for six quarters, spending on nonresidential structures increased in the second quarter. Residential investment increased as well. With the prospect of a better economic climate at hand, growth in investment spending should accelerate sharply for the remainder of 2003.

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Government spending soared by 8.5 percent in the second quarter of 2003 on the back of an enormous 46 percent increase in defense spending. Both nondefense and state and local government spending fell, however. Total government spending rose only 0.4 percent in the first quarter when defense spending fell by 3.3 percent. Government spending should increase by about 3 percent for 2003 as a whole, but state and local government spending will be flat.

Net exports (exports minus imports) continued to deteriorate in the first two quarters of 2003, pulling down real GDP growth. At some point, the weakening dollar should stabilize the trade deficit.

Recent statistics point to a stronger economy ahead. The Institute for Supply Management's (ISM) manufacturing index came in above 50 for July, August, and September, indicating an expanding manufacturing sector. Factory orders increased for four consecutive months before declining modestly in August. The ISM's nonmanufacturing index has remained above 60 from July through September, suggesting strong growth in services industries. Employment at temporary help firms has increased for five consecutive months, with a cumulative gain of nearly 7 percent. Such job gains are often a harbinger of hiring in the broader economy.

Despite good news on most economic indicators, the labor market continues to struggle. New claims for unemployment insurance have improved slightly, but nonfarm payroll employment fell for seven straight months before managing an anemic 57,000 increase in September. The unemployment rate remained at 6.1 percent in September.

The latest round of tax cuts is driving consumer spending. As a result, economic growth in the third quarter will likely be the strongest since the fourth quarter of 1999. Faster economic growth should translate into some job growth as firms exhaust opportunities to increase productivity at the very high rates experienced over the last six quarters. Moreover, the economy will continue to be buoyed by low interest rates. Construction, however, will not add to economic growth until 2005. International trade will continue to be a modest drag on the economy in 2004, but federal spending will continue to grow strongly next year.

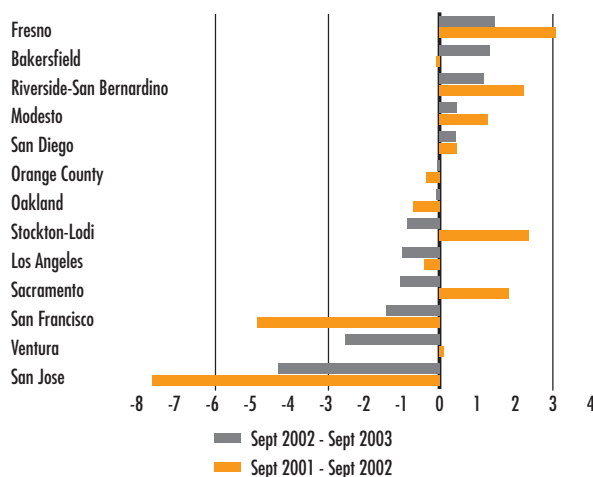
The California Economy

The California economy has closely tracked a sluggish national economy over the last year. From September 2002 to September 2003, nonfarm payroll employment fell by 0.4 percent in the State and 0.3 percent in the nation. Over that year, state unemployment varied narrowly between 6.4 percent and 6.9 percent. Although the national rate averaged 0.7 percentage points below the State rate over the 12-month period, the gap between the California and national rates shrank in recent months, reaching 0.3 percent in September.

From September 2002 to September 2003, California nonfarm employment fell by 51,300, with manufacturing and local public education accounting for most of the decline. Employment fell by 47,000 in Manufacturing; 23,800 in Government; 19,300 in Information; 13,200 in Trade, Transportation, and Utilities; 12,600 in Professional and Business Services; and 2,400 in Other Services. Within the Government sector, local government education fell by 21,100. Employment in local government education is occasionally revised upward sharply. Absent that, however, this drop would suggest that local public education is being squeezed considerably by tight budgets. Employment rose by 29,000 in Leisure, 14,000 in Construction, 12,000 in Educational and Health Services, 11,000 in Financial Activity, and 1,000 in Natural Resources and Mining.

The hemorrhage of jobs in the San Jose and San Francisco metropolitan areas has slowed considerably. Nonfarm payroll employment was down 4.3 percent in September 2003 from a year earlier in the San Jose metropolitan area and 1.4 percent in the San Francisco metropolitan area. A year ago, employment was down 7.6 percent and 4.8 percent, respectively, in the two metropolitan areas. By the same measure, however, job growth has slowed over the last year in the Ventura, Sacramento, Los Angeles, Stockton-Lodi, Modesto, Riverside-San Bernardino, and Fresno metropolitan areas. (Figure 2).

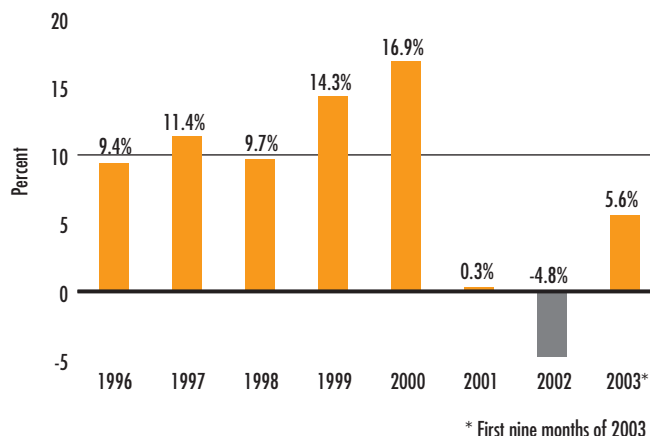
Figure 2
Nonfarm Payroll Employment Growth
Sept. 2002 to Sept. 2003



Despite the weak employment picture, economic output appears to be growing in California. The U.S. Commerce Department recently estimated that California personal income—often used as a proxy for the laggardly reported Gross State Product—grew for the sixth consecutive month in the second quarter of 2003. In addition, state personal income tax withholding was up 5.6 percent in the first nine months of 2003 from a year earlier (Figure 3).

Figure 3

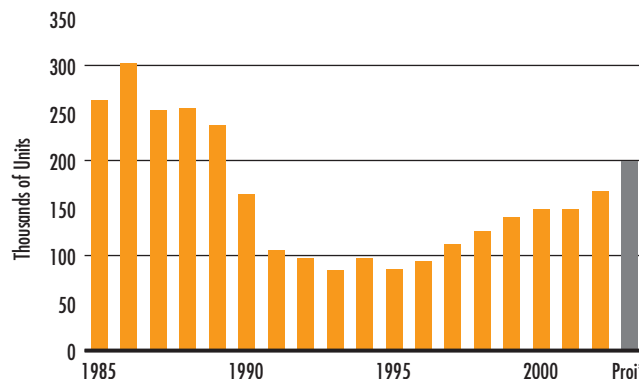
California Personal Income Tax Withholding Annual Growth



Residential real estate and construction remain a source of strength for the state. Permits for about 145,000 new housing units were issued in the first nine months of 2003, up nearly 19 percent from a year ago. Residential building for the year as a whole is likely to be at its highest level since 1989 (Figure 4).

Figure 4

California Residential Housing Permits



The median price of existing, single-family houses sold in California in September was \$380,040, up 17.9 percent from a year ago, according to the California Association of Realtors. Sales were up 28 percent from a year earlier.

While private sector nonresidential construction will be down slightly in 2003, it looks like the bottom is near. Permit valuation was up in two of the last three months.

Exports of California-made merchandise also look like they are about to turn around. After double-digit declines in 2001 and 2002, they fell only 3.1 percent in the first half of this year.

California's economy will continue to track the national economy. What is most needed now is job growth.

Regional Economic Forecast for Southern California 2004-2005



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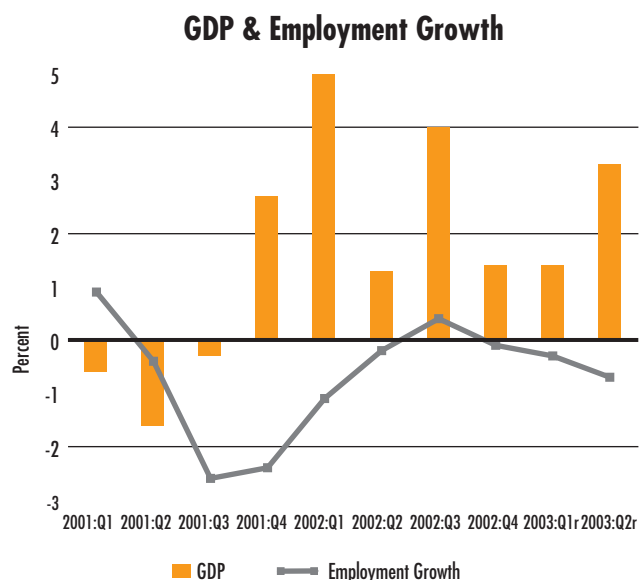
C SULB Economic Forecast for the Southern California Region

The Nation

A Recovery in Name Only...Until Now? The National Bureau of Economic Research, the ultimate arbiter over business cycle dating, declared that the March 2001 recession ended in November 2001. The committee's decision was based on the performance of overall economic activity as measured by growth in GDP, despite some troubling weak spots in the economy. Over the last seven quarters, real GDP growth averaged 2.7%, slightly above its long-term average growth of 2-2.5%, but well below potential growth. The sluggishness in the economy is understandable given the jarring shocks that pummeled the nation in the last few years, such as the collapse of the equity bubble, the September 11 attacks, the corporate governance scandal, high oil prices, and the Iraq war. However, the combination of fiscal stimulus and a very accommodating monetary policy stance have set the stage for much stronger growth over the next several years.

First quarter growth this year was an anemic 1.4% but was followed by 3.3% growth in the second quarter (Figure 1). For the remainder of the year, we are expecting real growth above the 4% level. For 2004-2005, we are looking for growth at the 3.5% level. Throughout the recovery, consumers have done their best to keep the economy afloat. They were aided by a strong housing market and historically low interest rates and now have the added benefit of tax cuts. The only damper on consumption growth has been concerns over employment.

Figure 1



The period following the 1990-1991 recession was dubbed a "jobless recovery," even though almost a million jobs were created. It's just that the million jobs looked paltry compared to the six million jobs produced after the 1981-1982 recession. In the current recovery, the economy has lost a million payroll jobs! The lack of payroll job creation has dampened the growth of consumption and remains a risk to our outlook. Some of the lost jobs reflect major restructuring that is taking place in several industries. Telecommunications, securities and commodity brokers, and electronic equipment manufacturers are industries that grew rapidly during the long expansion of the 1990s. Excess investment in these industries has caused them to undergo a major structural change in which competitive pressures cause shrinkage in their size and employment base. Even as economic growth accelerates, these industries will be slow in adding personnel because of excess capacity. In addition, the exceptionally strong growth in productivity has allowed firms to increase output without increasing

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payroll, thus improving their balance sheets. As uncertainty regarding the strength in final demand diminishes, we should see job growth pick up. While the unemployment rate will be slow in coming down, we expect employment growth for the nation to be above the 2 percent mark throughout 2004.

Business investment was one of the main driving forces throughout the long expansion, and the drop in business investment was one of the principal causes of the 2001 recession. It appears that business investment expenditures have bottomed out, and we look for business investment to show strong growth in the coming quarters, although not at the double-digit rates of the 1990s. Information processing equipment will again lead the way as firms invest in technologies to raise productivity. Much of the surge in IT equipment and software that was purchased to avoid Y2K problems is no longer state of the art. Even in a weak economy competitive pressures force firms to improve efficiency.



Many nonresidential construction projects were put on hold due to the uncertainty in the economy. This sector of investment will be slow in recovering due to the time it takes to plan and develop new projects. Office vacancy rates are up in many markets and this sector will remain weak. Hotel construction projects were delayed or shelved as the tourism market collapsed. While tourism has recovered, it will be several years before construction of new projects materializes. On the other hand, tourism growth will boost the rental car market as leasing firms expand and modernize their fleets.

The trade picture is improving. Stronger growth in the economies of our trading partners and a lower valued dollar should boost exports. This is welcome news to many U.S. manufacturing concerns. Exports should grow at double-digit rates for the next several quarters. The depreciation of the dollar, while beneficial to those selling goods to foreigners, should provide a minor dampening on imported goods as their prices rise. While the trade picture is bright, it would be brighter had the Eurozone and Japanese economies performed better. Sluggish growth in these economies has turned attention to the U.S. economy as the primary engine of economic growth in the global economy.

The inflation outlook is for only moderate price increases of 1.5-2% as measured by the Consumer Price Index. Despite all of the discussion of deflation, we don't think this is a serious issue, since never in our history have we observed deflationary periods with large and growing federal deficits and a growing money supply. We do not expect the Fed to raise short-term rates until next summer at the earliest. Even then, the Fed will move in the same slow and incremental fashion as they have in the past.

While the recovery has been of the stop-and-go variety to date, we believe the U.S. economy is well-positioned for a period of sustained economic growth.

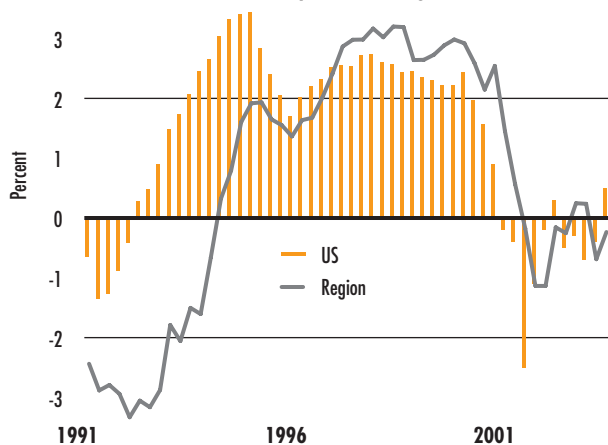
The Southern California Region

While the Southern California regional economy has performed better than the Bay Area economy, the Southland is not immune to the ill effects of a national recession. As can be seen from the figure below, regional employment growth lagged the nation as the nation moved into recession (Figure 2).



Figure 2

Total Nonfarm Employment Growth Region and the Nation (Quarterly, Percent Change)



The region posted two consecutive quarters of positive employment growth, in the fourth quarter of 2002 and the first quarter of 2003, only to be hit by two quarters of negative rates of job formation. The stop-and-go nature of employment growth reflects the inability of the national recovery to find traction.

Table 1 compares the region's employment in the third quarter of 2003 to the same quarter of 2002, to give a picture of where changes have occurred.

Table 1

Regional Employment Q3-2002 to Q3-2003

Sector	Q3-2002	Q3-2003	Difference	Growth
Construction & Mining	330,300	336,400	6,100	1.8%
Durable Goods	532,900	515,000	-17,900	-3.4%
Nondurable Goods	337,200	323,000	-14,200	-4.2%
Trade, Transportation and Utilities	1,324,000	1,325,000	1,000	0.1%
Information	263,600	254,400	-9,200	-3.5%
Financial Activities	404,800	411,600	6,800	1.7%
Professional and Business Services	974,200	969,200	-5,000	-0.5%
Educational and Health Services	695,000	713,200	18,200	2.6%
Leisure and Hospitality	647,000	655,000	8,000	1.2%
Other Services	241,400	240,700	-700	-0.3%
Federal Government	90,200	91,900	1,700	1.9%
State and Local Government	891,900	881,400	-10,500	-1.2%
Total	6,732,500	6,716,800	-15,700	-0.2%

Overall, the region lost almost 16,000 jobs and posted a 0.2% decline in its employment base. Durable goods manufacturing posted the largest loss in jobs with a reduction of 18,000 jobs. Unfortunately, the negative growth in durable goods manufacturing is not a new trend but has been an ongoing problem for the last four years, as can be seen in the figure below (Figure 3). The recent losses in durable goods manufacturing mirror losses in the nation's manufacturing base. Heaviest losses were in computer and electronic products manufacturing, reflecting the aftermath of the nation's over-investment in the high tech sector. *Los Angeles* and *Orange* counties lost over 6,000 high-tech manufacturing jobs.

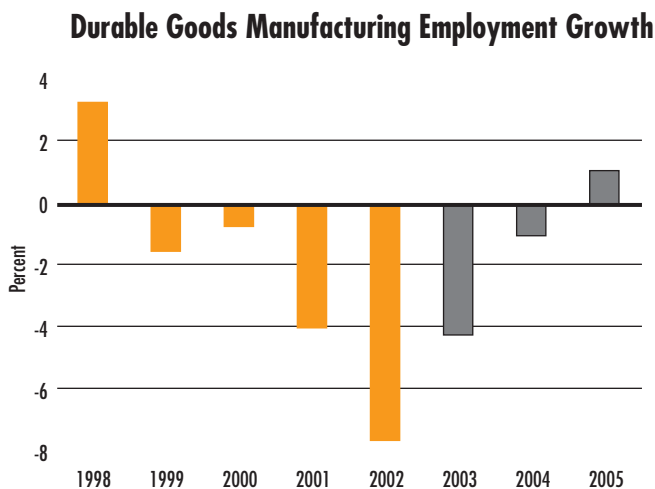


Another 4,000 jobs were lost in transportation equipment and fabricated metal manufacturing in *Los Angeles County*. These losses in large part are related to the slumping commercial airline industry. The domestic airline industry was a troubled sector well before the terrorist attacks of September 11, 2001. The terrorist attacks exacerbated their problems, but it now appears that the worst is over. All of the SCAG counties except *Riverside/San Bernardino* posted job losses in durable manufacturing employment during the period covered in Table 1. The Inland Empire continued to buck the trend, generating 700 new manufacturing jobs. We are looking for improvement in air transportation equipment manufacturing as well as other sub-sectors within durable goods manufacturing by 2005.

Nondurable manufacturers shed 14,500 workers from their payrolls. Over half of these jobs were in the textile and apparel sectors. These sectors were hard hit by increased foreign competition as well as a general weakness in apparel demand. Deep discounts in retail apparel pricing have further reduced profit margins, causing some restructuring in the industry.

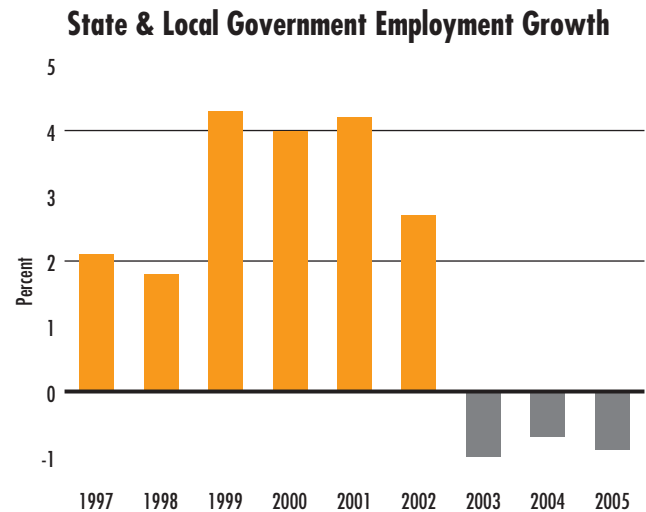
The SCAG region lost 9,000 jobs in its information sector between the third quarter of 2002 and the same period in 2003. While *Los Angeles County* comprises 59 % of the region's total employment, the County has 79% of the region's information service jobs, with the bulk of these jobs in the motion picture industry. The motion picture and sound recording industry accounts for 5,100 of the 6,400 jobs lost in information services. Major studios, much like the rest of corporate America, are very attentive to the bottom line as the nation's recovery has struggled. Telecommunications is another area of continued weakness. It is marked by excess investment, and it will take some time for the region to absorb the excess capacity in this sub-sector.

Figure 3



The loss of jobs in state and local government shown in Table 1 comes as no surprise given the state's well publicized deficit. In the latter part of the 1990s expansion, significant growth occurred in local government employment, with the overwhelming majority of jobs generated by school districts. Over the next two years, we expect this sector to lose an additional 15,000 jobs (Figure 4).

Figure 4



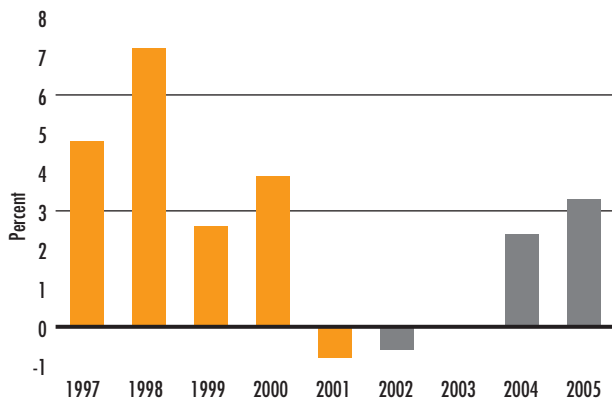
The last sector that posted significant job losses was professional and business services, with a net reduction of 5,000 jobs (Table 1 and Figure 5). This sector is a very important one within the region's economy since it is a source of high-wage jobs. Typically, we expect that this sector will grow. In fact, *Orange* and *Riverside/San Bernardino* posted job gains in professional and business services, while *Los Angeles* and *Ventura counties* posted losses.

Losses occurred in two primary areas: management of enterprises and administrative support, and investigations and security services. The first reflects downsizing of enterprises. The second is an anomaly caused by September 11. After the terrorist attacks, there was increased demand for security, especially in *Los Angeles County*. Once security systems are updated, it is reasonable to observe a reduction in employment. On the year-to-year comparison, this sub-sector lost 3,500 jobs or 8.3% of its employment base in the County.

The employment services sector, which is a major source of out-sourcing activities by firms, has slowed in recent months. As this series is oftentimes viewed as a leading economic indicator, the recent weakening in employment services growth in the region is worrisome. Nonetheless, we believe that job losses in this sector are behind us. Overall, we expect growth in professional and business services

Figure 5

Professional & Business Services Employment Growth



in the fourth quarter to just offset the losses in the first part of the year, leaving 2003 a flat year for the region. We predict growth in the 2.5-3% range over the next two years (Figure 5).

Despite the troubling job losses, a number of sectors in the region are doing well. There has been strong growth in the educational and health services sector, with the creation of 18,200 new jobs. *Los Angeles County* created 5,500 new jobs in private educational employment. The same underlying demographics which propel enrollment growth of local school districts are operative for private elementary, secondary, and post-secondary institutions.

Much of the remaining job growth occurred in the Health Services sector, with ambulatory Health Services and Hospitals accounting for the job creation. The Health Services sector is non-cyclical, and employment growth, as in Education, is driven by the underlying demographic characteristics of the population. Health Services employment levels are susceptible to changes in reimbursement schedules, most often associated with federal funding of health care. We expect the region's educational and health services sector to grow at nearly 3% over the forecast horizon, implying an increase of 39,000 jobs in this sector.

The financial services sector is adding jobs, thanks mostly to refinancing and the real estate markets. With interest rates at 45-year-lows, there has been a wave of financing and refinancing activities. The lower interest rates allow prospective homeowners an easier route to qualifying for the

purchase of a home. As a consequence, the resale housing market has been robust, despite the difficulties with employment growth. Housing prices have continued to increase at double-digit rates, and only now are we observing some slowing in the rate of appreciation. While we expect the Fed to raise rates, perhaps as early as next summer, we are forecasting further expansion in financial services activities over the next two years, generating 15,000 new jobs.

The hospitality sector was particularly hard-hit in the aftermath of the terrorist attacks of September 11, 2001. Whether caused by reluctance to travel or the recession, decreases in tourism reduced occupancy rates in the region's lodging stock, especially among the coastal cities. Occupancy has improved this year as the industry employed a strategy of discounting lodging rates. While lodging employment has steadily improved, it has not reached its pre-recessionary levels. As a consequence, much of the growth that we see in the leisure and hospitality sector is accounted for by food services, and almost all of the 8,000 new jobs created are in *Los Angeles County*.

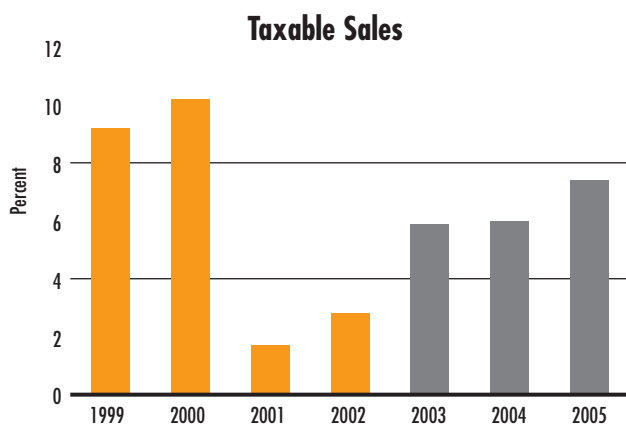


Under the new North American Industrial Classification System (NAICS), the largest sector in the economy is trade, transportation and utilities, which accounts for one in every five jobs within the region. As indicated in Table 1, only 1,000 new jobs were generated in the sector during the last twelve months, even though retail trade generated 8,200 new jobs. The growth in retail trade employment is largely confined to the outlying counties, with *Riverside/San Bernardino* and *Ventura* generating 7,700 and 1,200 jobs respectively. Transportation, warehousing, and

utilities employment was an overall drag on this sector, posting job losses in every county except *Ventura*. Most of the job losses in this sector were in air transportation as commercial airline carriers dealt with one of the worst slumps ever in their industry.

Taxable sales have steadily improved over the last year and this is welcome news to cash strapped cities and counties. We expect the region's taxable sales to grow by 6 percent this year and next, and to continue improving as the economy moves into a full expansion (Figure 6).

Figure 6

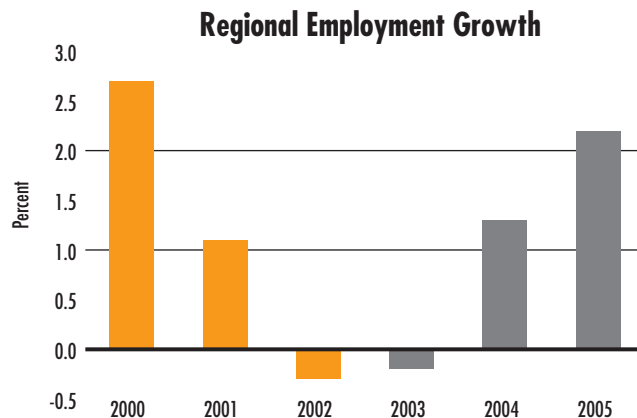


Construction employment is driven by activities within *Riverside* and *San Bernardino* counties. Most of the activity is residential housing. *Ventura County*, which recently adopted a no-growth policy, posted job losses in construction. The other counties saw employment growth in residential construction activity but lost jobs in heavy and civil engineering construction. This sub-sector is affected by the stop-and-go nature of the nation's recovery. Hotel construction, office buildings, industrial and commercial space projects usually lag the recovery. We expect the construction sector to start adding jobs, and by 2005 construction employment will grow above the 4 percent mark.

The last two years have been difficult ones for regional employment growth as the region failed to add to its employment base. We believe, however, that the worst is over. As the national economic recovery takes hold the region's outlook will improve. Our forecast is for total regional employment growth of 1.3 percent in 2004, which is modest compared to the late 1990s. By 2005,

we expect job growth above 2 percent, a rate which is indicative of a healthy regional economy (Figure 7).

Figure 7



Imperial County

The economy of Imperial County, unlike the other counties within the Southern California region, has a much stronger and more important agricultural component. The climate in the Imperial Valley, with its mild winters and hot summers, is an ideal environment for year-round farming. In addition to its own population base, Imperial County is able to augment its workforce by its proximity to Mexicali, Mexico. Approximately 20,000 day-workers are able to cross the border and legally work in the United States.

Agricultural Output and Employment

Although Imperial County has a population of 150,900, representing less than one half of one percent of the total population of the State of California, Imperial County's agricultural employment accounts for over 3 percent of the state's agricultural employment, and Imperial County ranks ninth in the state in terms of agricultural production. In 2002, Imperial County's farmers and ranchers produced \$1.22 billion of agricultural goods. Key agricultural products include cattle, head lettuce, alfalfa, leaf lettuce, and carrots.

Wage and Salary Employment

The composition of Imperial County's wage and salary employment is quite different than that of the region. In 2002, employment in agriculture and state and local government combined accounted for almost 50 percent of the county's employment versus 14 percent in the rest of the SCAG region. More than a quarter of all employment is in the state and local government sector. The relatively large number of prisons and prison employees in the county accounts for the dominance of this sector. As a consequence, when we track and forecast Imperial County's employment, we focus on three main sectors: agriculture, state and local government, and all other sectors.

The Outlook for Imperial County in 2004-2005

Employment in the agricultural sector is volatile. After a decline of 12 percent in 2002, we estimate that agricultural employment fell again this year by about 6 percent. We expect that agricultural job growth will recover in 2004. However, the longer term prospects for agricultural employment growth in Imperial County may be affected by a proposed water transfer agreement between Imperial County and urban Southern California. This agreement calls for farmers to receive money in exchange for adopting water-conserving technologies and fallowing some of their land. This agreement could have a negative effect on future agricultural employment in the county.

Growth in state and local government will be impacted by the continuing budgetary crisis in Sacramento. We estimate that employment in state and local government will fall by 2.7 percent this year, followed by growth in the range of 1-1.3 percent through 2005.

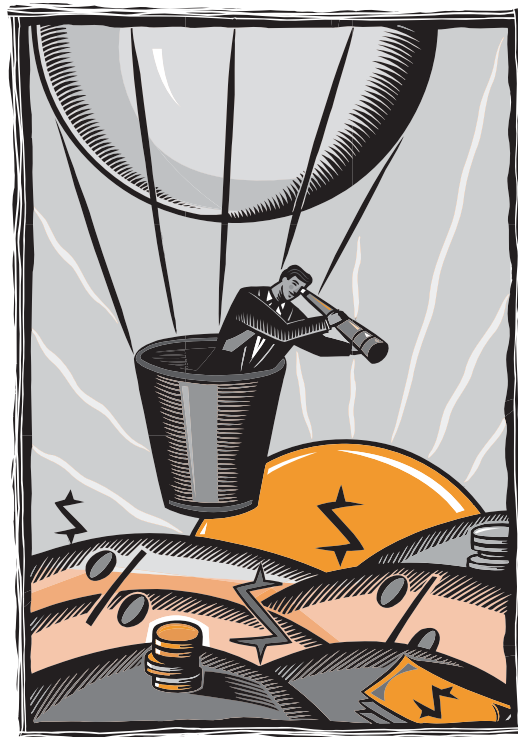
The other component of Imperial County's economy--the "all other sectors" group--contains employment in retail trade, utilities, construction, transportation and services. This set of subsectors will see a slight contraction in employment this year. However, employment should begin to grow next year and accelerate during 2005 due to an expected pick-up in the retail sector.

Combining state and local government and "all other sectors," total non-farm employment in Imperial County is likely to fall by 1.2 percent in 2003, beginning a recovery next year. Total employment in the county will also show a decline this year (-2.1 percent), but with agricultural activity picking up in the next two years, total employment will be pulled up, rising by 1.2 percent in 2004 and 1.7 percent in 2005.

Year	Agriculture	State & Local Government	All Other Sectors	Total Nonfarm	Total Employment	Taxable Sales (\$ Thousands)
EMPLOYMENT AND TAXABLE SALES						
1997	13,867	12,450	22,483	34,933	48,800	1,051,327
1998	14,275	12,758	22,650	35,408	49,683	1,105,405
1999	14,350	13,092	23,508	36,600	50,950	1,293,324
2000	12,300	13,658	24,483	38,142	50,442	1,403,530
2001	11,342	14,325	24,342	38,667	50,008	1,381,668
2002	9,992	14,767	25,925	40,692	50,683	1,461,548
2003e	9,427	14,372	25,825	40,197	49,624	1,570,513
2004f	9,768	14,515	25,952	40,467	50,235	1,650,202
2005f	10,046	14,710	26,315	41,025	51,071	1,720,587

YEAR-TO-YEAR % CHANGE						
1997	0.4	2.8	2.5	2.6	1.9	3.8
1998	2.9	2.5	0.7	1.4	1.8	5.1
1999	0.5	2.6	3.8	3.4	2.5	17.0
2000	-14.3	4.3	4.1	4.2	-1.0	8.5
2001	-7.8	4.9	-0.6	1.4	-0.9	-1.6
2002	-11.9	3.1	6.5	5.2	1.3	5.8
2003e	-5.7	-2.7	-0.4	-1.2	-2.1	7.5
2004f	3.6	1.0	0.5	0.7	1.2	5.1
2005f	2.8	1.3	1.4	1.4	1.7	4.3

e = estimate, f = forecast.



CSULB ECONOMIC FORECAST FOR THE SOUTHERN CALIFORNIA REGION

Southern
California
Historical Data

	1998	1999	2000	2001	2002
WAGE AND SALARY EMPLOYMENT					
Construction and Mining	265,500	291,983	310,317	328,383	325,617
Durable Manufacturing	622,292	612,733	608,658	583,917	539,783
Nondurable Manufacturing	382,117	379,425	380,858	361,575	339,217
Trade, Transportation & Utilities	1,240,500	1,272,617	1,305,675	1,324,300	1,325,083
Information	268,683	293,683	304,867	289,367	267,000
Financial Activities	365,433	372,633	371,058	392,658	403,242
Professional and Business Services	922,233	946,667	983,592	975,275	969,700
Educational and Health Services	621,925	635,733	655,433	678,150	704,267
Leisure and Hospitality Services	576,517	592,925	611,025	633,758	642,633
Other Services	216,967	222,467	228,550	235,067	239,292
Federal Government	95,600	95,808	97,283	91,200	90,883
State and Local Government	799,425	834,033	867,033	903,308	927,850
Total Nonfarm Employment	6,377,192	6,550,708	6,724,350	6,796,958	6,774,567
YEAR-TO-YEAR % CHANGE					
Construction and Mining	9.7	10.0	6.3	5.8	-0.8
Durable Manufacturing	3.3	-1.5	-0.7	-4.1	-7.6
Nondurable Manufacturing	0.0	-0.7	0.4	-5.1	-6.2
Trade, Transportation & Utilities	2.4	2.6	2.6	1.4	0.1
Information	1.3	9.3	3.8	-5.1	-7.7
Financial Activities	3.7	2.0	-0.4	5.8	2.7
Professional and Business Services	7.2	2.6	3.9	-0.8	-0.6
Educational and Health Services	2.2	2.2	3.1	3.5	3.9
Leisure and Hospitality Services	2.0	2.8	3.1	3.7	1.4
Other Services	3.5	2.5	2.7	2.9	1.8
Federal Government	-3.4	0.2	1.5	-6.3	-0.3
State and Local Government	1.8	4.3	4.0	4.2	2.7
Total Nonfarm Employment	3.1	2.7	2.7	1.1	-0.3
POPULATION					
	15,861,763	16,131,763	16,452,783	16,792,833	17,118,283
Percentage Change	1.3	1.7	2.0	2.1	1.9
TAXABLE SALES (IN THOUSANDS)					
	162,928,035	177,886,423	196,096,973	199,470,694	205,132,222
Percentage Change	5.6	9.2	10.2	1.7	2.8
PERSONAL INCOME (IN MILLIONS)					
	428,551	450,650	484,858	508,187	519,852
Percentage Change	7.7	5.2	7.6	4.8	2.3
BUILDING PERMITS (SIN.-FAM. RESID.)					
	33,424	37,618	37,625	40,643	46,573
Percentage Change	8.2	12.5	0.0	8.0	14.6

	2003e	2004f	2005f	Average Annual Change (1998-2002) (2002-2005)	
WAGE AND SALARY EMPLOYMENT					
Construction and Mining	329,892	336,677	350,998	15,029	8,461
Durable Manufacturing	517,280	511,888	517,721	-20,627	-7,354
Nondurable Manufacturing	325,595	316,699	321,181	-10,725	-6,012
Trade, Transportation & Utilities	1,333,174	1,361,349	1,396,409	21,146	23,775
Information	255,203	267,093	277,936	-421	3,645
Financial Activities	410,378	418,150	425,514	9,452	7,424
Professional and Business Services	969,393	992,802	1,025,617	11,867	18,639
Educational and Health Services	719,828	739,023	758,757	20,585	18,163
Leisure and Hospitality Services	647,814	659,646	681,103	16,529	12,823
Other Services	239,330	242,133	246,584	5,581	2,431
Federal Government	92,507	90,282	91,060	-1,179	59
State and Local Government	918,268	912,003	903,851	32,106	-8,000
Total Nonfarm Employment	6,758,660	6,847,747	6,996,731	99,344	74,055

YEAR-TO-YEAR % CHANGE					
Construction and Mining	1.3	2.1	4.3	5.7	2.6
Durable Manufacturing	-4.2	-1.0	1.1	-3.3	-1.4
Nondurable Manufacturing	-4.0	-2.7	1.4	-2.8	-1.8
Trade, Transportation & Utilities	0.6	2.1	2.6	1.7	1.8
Information	-4.4	4.7	4.1	-0.2	1.4
Financial Activities	1.8	1.9	1.8	2.6	1.8
Professional and Business Services	0.0	2.4	3.3	1.3	1.9
Educational and Health Services	2.2	2.7	2.7	3.3	2.6
Leisure and Hospitality Services	0.8	1.8	3.3	2.9	2.0
Other Services	0.0	1.2	1.8	2.6	1.0
Federal Government	1.8	-2.4	0.9	-1.2	0.1
State and Local Government	-1.0	-0.7	-0.9	4.0	-0.9
Total Nonfarm Employment	-0.2	1.3	2.2	1.6	1.1

POPULATION	17,442,455	17,769,849	18,091,114	314,130	324,277
Percentage Change	1.9	1.9	1.8	2.0	1.9

TAXABLE SALES (IN THOUSANDS)	217,285,881	230,335,236	247,274,941	10,551,047	14,047,573
Percentage Change	5.9	6.0	7.4	6.5	6.8

PERSONAL INCOME (IN MILLIONS)	536,052	576,570	612,181	22,825	30,776
Percentage Change	3.1	7.6	6.2	5.3	5.9

BUILDING PERMITS (SIN.-FAM. RESID.)	40,042	41,657	40,686	3,287	-1,962
Percentage Change	-14.0	4.0	-2.3	9.8	-4.2

e = estimate, f = forecast.

Regional Economic Forecast for Southern California

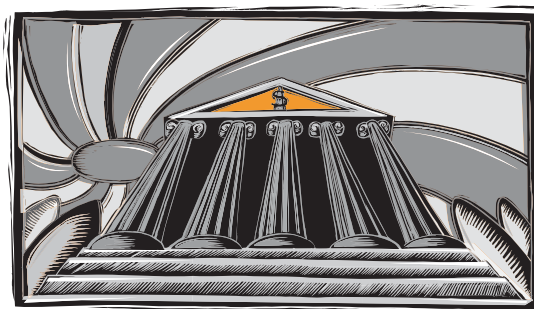
2004-2005



CSUF Economic Forecast for the Southern California Region

The National Outlook

The last recession ended in September 2001, but two years later economic growth remains in the doldrums. Extraordinary events such as the collapse of the dotcoms, wars in Afghanistan and Iraq, and corporate and accounting scandals continue to bedevil the national economy and politics. We are in an early phase of what is likely to be a period of sustained and moderate economic expansion. Continued absorption of the nineties digital revolution, changing global competitive advantages, and budget and trade deficits will keep employment growth in moderation even when output is growing.



The long and vigorous boom of the nineties may partly be responsible for the public feeling that the economy is still struggling, even though technically the recession is over. Employment generally grows more slowly in the early part of an economic recovery than increases in inventories, investments, and output, but strong job growth is essential to sustain an expansion. Many of the nation's economic indicators are beginning to improve, but so far it remains a jobless recovery.

Our forecasts of the national economy, which drive the regional forecasts below, are based on macroeconomic models and embody a set of assumptions about fiscal and monetary policies. In particular, we expect the Federal Reserve to maintain its low interest rate stance through next spring. The U.S. dollar will continue to depreciate but the merchandise trade deficit will deteriorate further before changing its trend. In this election year legislative agendas are difficult to predict, but given the increased expenditure for Iraq and already-passed tax cuts, we expect continued high federal deficits. Likely passage of medicare provisions (drug benefits) could add further to this deficit.

A combination of easy monetary policy and higher government spending is a sure recipe for economic stimulus. We expect increased government spending and tax cuts already in place to provide a significant boost to U.S. economic activity for the next two to four quarters. This scenario will persist through the middle of 2004, after which business investment and employment gains should accelerate (Figure 1). However, given

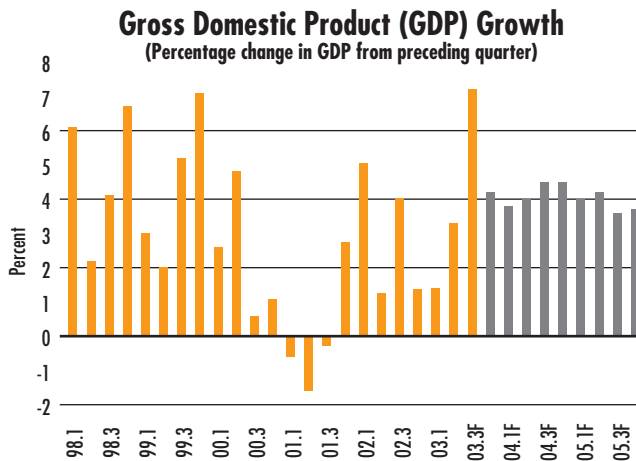
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Economics and
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Fullerton

Regional
Economic
Forecast



Figure 1



the likelihood of continued productivity gains and worldwide competition to contain costs through labor substitution in global markets, employment gains may not be as robust as during the decade of the nineties. The longer-term outlook, beyond 2004, remains highly positive both for output and employment increases. There is also the possibility for sharper inflationary increases in the second half of 2004 and beyond unless current expansionary economic policies are adjusted measurably in response to an improved economy. We expect interest rate tightening to begin by mid-2004.

California Politics and Economics

The recall of Governor Gray Davis had as much to do with economics as with politics. In the wake of the national recession, California has been losing jobs. In the last two years the state lost 118,000 payroll jobs and its unemployment rate shot up to 7 percent before going back down to 6.1 percent in August 2004, the same as for the nation. The impact on the high-tech sectors has been more severe than on other sectors. There is also a perception that the business environment in the state is deteriorating.

The slower economic growth, coupled with reduced capital gains since 2000, resulted in sharp declines in the state's tax collections. Not responding quickly to a clear deterioration in the state's revenues, neglecting much needed reform of the workers'

compensation system, and mishandling the energy crisis led to popular dissatisfaction with the Governor's job performance. The resulting turmoil has damaged public perception of the state in the near term; yet, the longer-term outlook for the state will be determined more by fundamental demographic and institutional factors than by current politics. A large and generally well-educated labor force, huge consumer markets, key geographic location on the Pacific Rim, and high quality educational and research institutions have been the backbone of the California economy and will continue to make the state an attractive place for businesses.

But there is a clear need for leadership in both the executive and legislative branches to go beyond partisan politics and to focus the state's energies towards common goals. The sizeable fiscal deficit will be as much a challenge for Governor Schwarzenegger as will be the fiercely competitive and partisan politics of the state. There is not sufficient information available at this time to speculate on the likely economic consequences of any actions that the new governor might undertake but the Southern California region will see its share of any state level cutbacks.

Southern California Economic Outlook and Forecasts

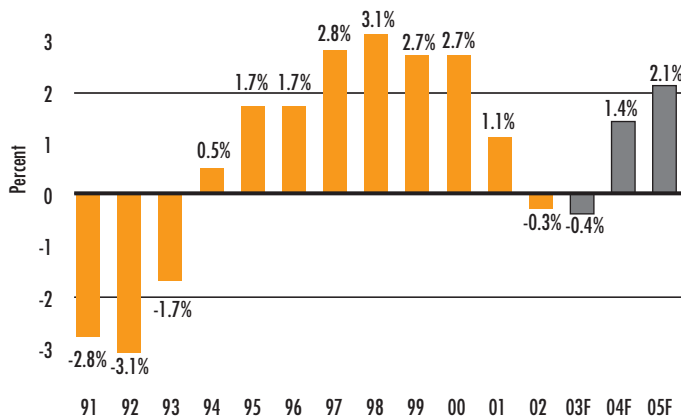
Even though the economic forces affecting the Southern California region (counties of Orange, Los Angeles, Riverside, San Bernardino, Ventura, and Imperial) are much the same as for the rest of the nation, structural differences in these economies result in variable effects from given changes. California's changing business and political climates add further complexity to the mix.

The Southern California Region lost 20,000 payroll jobs in 2002 and is expected to lose about the same number in 2003. Manufacturing lost the largest number of jobs while information services and construction employment showed moderate declines. The decline in manufacturing has been evenly spread between durable and nondurable goods in percentage terms, but the durable goods sector is twice as large as the nondurable goods sector. Mid- to small-size firms suffered the largest decreases.

Following the national pattern, payroll jobs data indicate a worse picture than the labor market conditions suggested by employment numbers from household survey data (see household employment figures in forecast table for Southern California). Payroll jobs declined at an annual rate of 0.3 percent through August of 2003 (Figure 2). The average annual unemployment rate—which comes from the household survey—has also declined, to 5.8 percent compared to a rate of 6.1 percent in 2002. While the two surveys have often given such mixed signals, the payroll survey is considered more reliable.

Figure 2

Southern California Annual Nonfarm Payroll Employment Change



In this climate of job scarcity another issue has come up in public debate: the shifting of businesses and jobs to lower cost overseas locations, particularly Asian countries such as China and India, and also to Mexico. Explanations of this phenomenon—usually based on low wages in foreign countries, protectionist policies, and a poor U.S. (and especially California) business climate—

abound. Each of these reasons is partially valid but the complete picture is more complicated.

The share of manufacturing jobs in the Southern California and U.S. economies has been on the decline for several decades. The phenomenon is similar in some ways to that of agriculture, whose share in employment has shrunk during the last century. Productivity increases here in the U.S. are responsible for a large part of these changes and increased globalization has led to greater imports.



Heavy foreign investment by U.S. companies also means migration of jobs to low cost countries, even though more than half of such investment actually goes to the developed nations of the West. The current outsourcing of jobs now includes not only textiles, telemarketing and data entry but also mid-level professional jobs in such categories as computer programming and financial analysis. While such migration is still small in numbers, and is likely to remain so, it is a worrisome development for U.S. and Southern California white-collar workers.

As part of the ongoing study of the Southern California regional economy at the Institute for Economic and Environmental Studies at California State University, Fullerton, we analyzed the share and trends in share of the manufacturing sector in Southern California, the state, and the nation since 1990. The results are shown in Table 1.

The share of manufacturing jobs in total payroll jobs in the Southern California region declined from 18.4 percent in 1990 to 12.9 percent in 2002. In the state, its share fell from 15.7 percent to 11.3 percent while the national figure fell from 16.1 percent to 11.7 percent over the same period. In percentage terms, this decline was about 27 percent for the state and the nation while it was 30 percent for Southern California.

Table 1

Shares of Employment			
Southern California	1990	2002	1990-2002 change
Manufacturing in Total Nonfarm Emp	18.4%	12.9%	-29.7%
Durable Goods in Manufacturing Emp	67.8%	61.3%	-9.5%
Los Angeles			
Manufacturing in Total Nonfarm Emp	19.6%	13.3%	-32.2%
Durable Goods in Manufacturing Emp	65.6%	56.0%	-14.7%
Orange			
Manufacturing in Total Nonfarm Emp	19.7%	13.5%	-31.3%
Durable Goods in Manufacturing Emp	72.4%	70.0%	-3.3%
Riverside-San Bernardino			
Manufacturing in Total Nonfarm Emp	10.6%	10.6%	0.4%
Durable Goods in Manufacturing Emp	72.5%	71.0%	-2.1%
Ventura			
Manufacturing in Total Nonfarm Emp	14.6%	13.5%	-7.3%
Durable Goods in Manufacturing Emp	77.1%	65.5%	-15.1%
Imperial			
Manufacturing in Total Nonfarm Emp	5.4%	6.1%	14.8%
Durable Goods in Manufacturing Emp	37.5%	36.0%	-4.0%
California			
Manufacturing in Total Nonfarm Emp	15.7%	11.3%	-27.7%
Durable Goods in Manufacturing Emp	67.3%	64.3%	-4.5%
U.S.			
Manufacturing in Total Nonfarm Emp	16.2%	11.7%	-27.5%
Durable Goods in Manufacturing Emp	60.7%	62.2%	2.4%

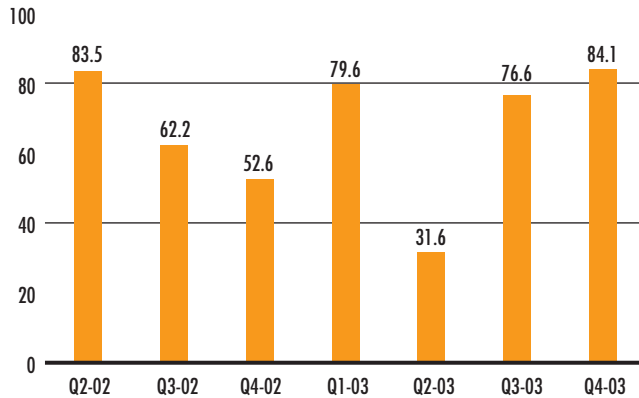
Durable goods accounted for 67.8 percent of manufacturing employment in the region in 1990 while their share was 67.3 percent in the state and 60.7 percent in the nation. By 2002, their share had declined to 61.3 percent and 64.3 percent for the region and the state respectively, while it went up to 62.2 percent for the nation. In other words, the share of durable goods within the manufacturing sectors *declined by 9.5 percent and 4.5 percent in the region and the state, respectively, while it went up by 2.4 percent in the nation.*

The bigger shares of computer and electronic parts and transportation equipment industries in this region account for the relatively higher share of manufacturing in total payroll employment for the region. Between 1990 and 2002 these two industry clusters lost proportionately more jobs in the region than the nation as a whole lost in manufacturing.

In addition to analyzing the government generated information on the region's economic health, the Institute for Economic and Environmental Studies conducts a quarterly survey of Orange County business leaders that we believe is also reflective of business sentiment in the region as a whole.

The overall index of business expectations, OCBX, increased to 84.1 for the 4th quarter of 2003 from a reading of 76.6 for the previous quarter (Figure 3). A reading of 50 indicates no change. The fourth quarter increase is large in absolute value because the index is designed to be sensitive to even small changes in sentiment. The rise in Orange County business expectations for future economic growth contrasts somewhat with less than enthusiastic perceptions in the country at large. The Conference Board survey, directed primarily at U.S. consumers, also asks some questions reflecting the

Figure 3
Orange County Business Expectations:
OCBX Index

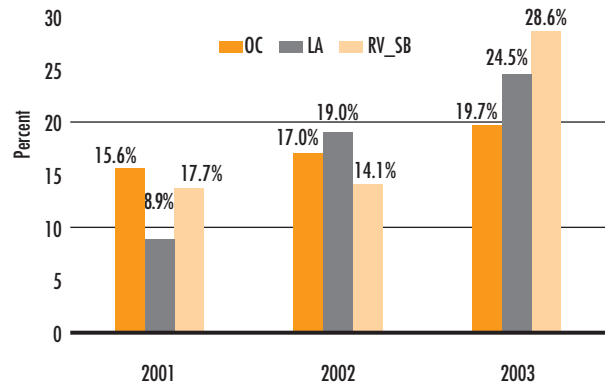


general business climate. Its September reading indicated deterioration in such sentiment.

Housing prices continued to show impressive increases in all of parts of the region. For example, in Los Angeles, Orange, and the Inland Empire single family home prices have risen during the past year by 25 percent, 20 percent, and 29 percent, respectively (through August 2003) on top of increases of 9 to 19 percent annual rate for the previous three years (Figure 4). Some of the recent increases were made possible by the unusually low mortgage rates of the recent past. It is unlikely that such a scenario can be maintained in 2004. Building permits for the Southern California six-county area rose by 16 percent and the value of residential construction rose by 19 percent in 2002, but we expect these to experience little or no change in the coming year. This still would imply healthy construction activity given the high levels of the past three years.

We expect the region's payroll employment to grow by 1.4 percent in 2004 and 2.1 percent in 2005 after showing a decline of 0.4 percent in the current year (Figure 5). These growth rates imply an increase of approximately 92,000 jobs in 2004 and 145,000 in 2005. Most of the growth is expected to take place in the service-providing industries. Business and Professional Services, Education and

Figure 4
Appreciation in Single Family Home Prices



Source: California Association of Realtors

Health, and Retail Trade are the larger of the sub-sectors with increased growth potential. Construction, Leisure and Hospitality, and the Information Providing Sectors also are expected to turn around and show moderate percentage increases.

Personal income in the Southern California region is expected to grow at a 4.6 percent annual rate in 2004 and a 5.3 percent rate in 2005, after limping along with only a 3.0 percent increase this year. Taxable sales are projected to grow at 4.6 percent and 5.2 percent in the next two years, close to their historical trends.

Los Angeles County, which accounts for almost 60 percent of Southern California's employment, is expected to lose approximately 30,000 payroll jobs in 2003 in addition to losing 40,000 jobs in 2002. Manufacturing jobs account for two-thirds of these losses. While the manufacturing losses are expected to continue over the next two years, albeit at lower rates, the County's economy is expected to gain 38,000 payroll jobs in 2004 and 62,000 in 2005. These equate to annual increases of one percent and 1.5 percent, respectively (Figure 6). In addition to Construction, gains are expected in service producing sectors such as Trade, Professional and Business Services, Information Services, and Educational and Health Services.

Figure 5

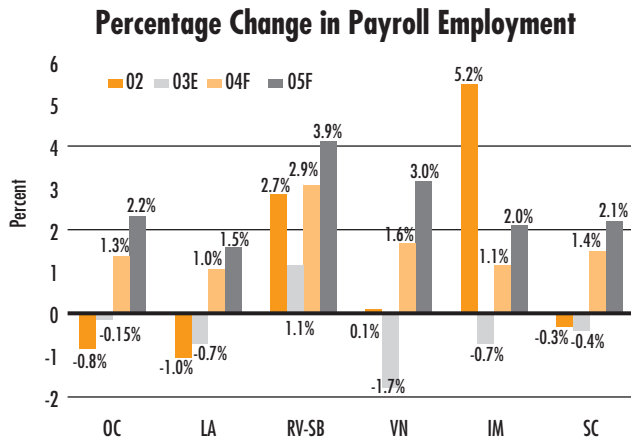
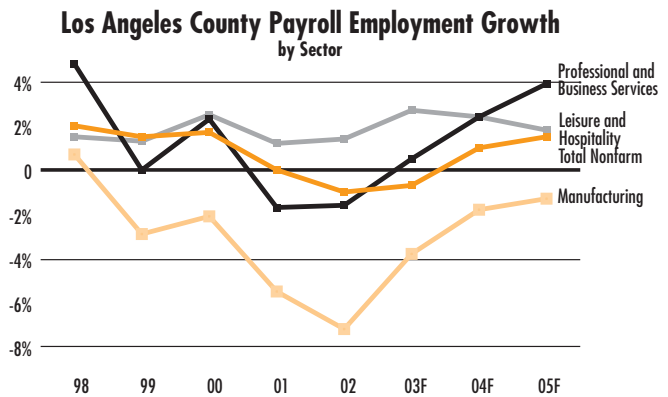


Figure 6



We expect personal income in Los Angeles County to grow by 4.1 percent and 4.8 percent in 2004 and 2005, respectively, after growing at a below-trend 2.7 percent this year. Taxable sales are expected to increase by 2.8 percent, 4.0 percent, and 4.6 percent for 2003, 2004, and 2005, respectively.

Orange County's economy during the last year lost 10,700 of its payroll jobs. Nevertheless, its unemployment rate was 3.8 percent in August 2003 compared to 4.3 percent in August 2002. We believe that Orange County's economy is poised to take advantage of the upcoming economic recovery. Each of its three major sectors—High Technology, Tourism, and Construction—is in relatively healthy shape and will benefit from the expected national growth. Business and Professional Services, a large part of high-technology production, is also a large segment of the County's economy.

We expect the Orange County economy to add 18,000 payroll jobs in 2004 and 31,000 jobs in 2005, representing 1.3 percent and 2.2 percent annual rates of growth respectively (Figure 7). While the overall manufacturing sector is expected to show little net gain, there will be continuous shifting of jobs to the high-tech sectors. Additional gains are expected in Retail Trade, Professional and Business Services, and Educational and Health Services. The County's personal income is projected to grow by 4.7 percent in 2004 and 5.8 percent in 2005. Taxable sales are expected to rise at rates of 4.9

percent and 6 percent for the two years, respectively. By contrast, estimates of growth for the current year are 2.9 percent for personal income and 2.8 percent for taxable sales.



Riverside and San Bernardino Counties, or the Inland Empire, is the only region not to lose jobs in 2002 or 2003. To be sure, its payroll job growth is expected to fall, to 1.1 percent in 2003 from 5.3 percent in 2000, 4.2 percent in 2001, and 2.7 percent in 2002, in part because the Inland Empire lost manufacturing jobs in the 2001-2003 period (Figure 8). The region should add 31,000 jobs in 2004 and 43,000 in 2005, for annual rates of growth of 2.9 percent and 3.9 percent, respectively. The major impetus to growth will come from Construction, Manufacturing, Trade, and Professional and Business Services.

Personal income in Riverside-San Bernardino is expected to rise by 6.2 percent and 6.3 percent in 2004 and 2005 after increasing by 3.9 percent this year. Taxable sales growth is anticipated to accelerate from 4.2 percent in 2003 to 6.4 percent by 2005.

Ventura County's payroll employment is expected to grow at 1.6 percent and 3 percent annual rates in 2004 and 2005, respectively. Trade, Financial Services, and Education and Health Services are expected to be the major contributing sectors. We expect personal income in Ventura County to rise by 4.8 percent and 4.9 percent in 2004 and 2005, respectively, after growing below trend at 3.5 percent this year. Taxable sales are expected to increase by 3.9 percent and 4.8 percent in 2003 and 2004, then slow somewhat, to 4.2 percent in 2005.

Figure 7

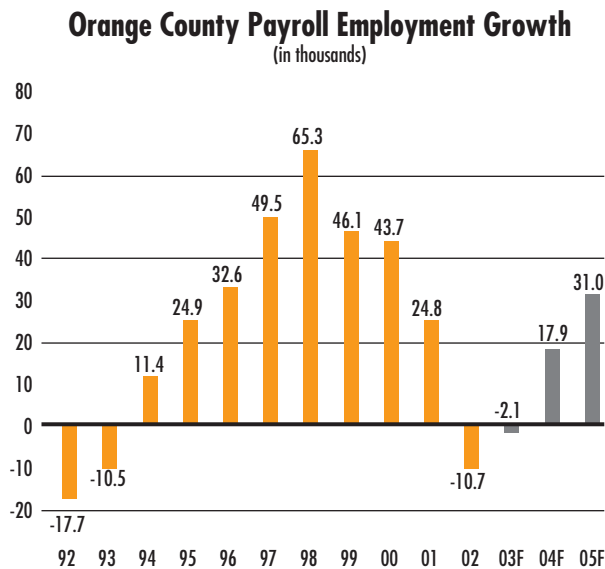
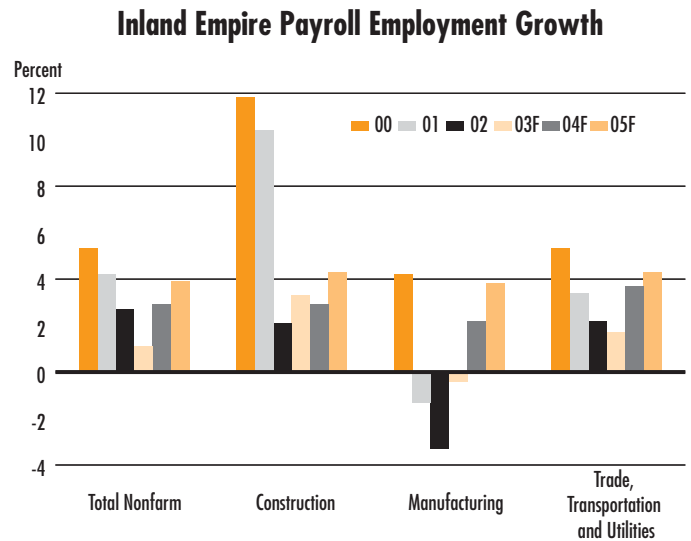


Figure 8



Imperial County, the smallest of the counties in Southern California in terms of employment, has its largest concentration of payroll jobs in the government sector. It also has a very large agriculture sector. Payroll employment is expected to grow at a 1.1 percent rate in 2004 and a 2 percent rate in 2005. We expect personal income in Imperial County to increase by 3.6 percent and 4.4 percent in 2004 and 2005, respectively, after growing at a below-trend 2.1 percent this year. Our model predicts that taxable sales will increase by 2.5 percent, 3.5 percent, and 4.4 percent in 2003, 2004, and 2005, respectively.

To summarize, emerging from the recession of 2002-2003, the regional economy is expected to start growing steadily over the forecast horizon of 2004-05. Weighted down by manufacturing job losses, however, the rate of employment growth will remain below the average growth rate achieved during the nineties.

CSUF ECONOMIC FORECAST FOR THE SOUTHERN CALIFORNIA REGION

Southern
California
Historical Data

	1998	1999	2000	2001	2002
LEVELS IN THOUSANDS					
POPULATION	16,000	16,279	16,590	16,938	17,246
Annual percentage change	1.8%	1.7%	1.9%	2.1%	1.8%
HOUSEHOLD EMPLOYMENT					
Labor Force	7,915.8	8,037.5	8,126.0	8,267.3	8,384.3
Total Employment	7,449.1	7,619.4	7,728.2	7,845.9	7,870.5
Total Unemployment	466.7	418.1	397.8	421.4	513.8
Unemployment Rate	5.9%	5.2%	4.9%	5.1%	6.1%
WAGE & SALARY EMPLOYMENT					
Goods Producing	1,273.0	1,287.5	1,303.4	1,277.4	1,208.9
Natural Resources and Mining	8.5	8.1	8.0	8.1	7.7
Construction	258.4	285.5	304.3	322.0	319.7
Manufacturing	1,006.1	993.8	991.2	947.3	881.5
Durable Goods	623.1	613.5	609.6	584.8	540.6
Nondurable Goods	383.0	380.3	381.6	362.5	340.9
Service Providing	5,139.6	5,299.8	5,459.1	5,558.2	5,606.3
Trade, Transportation and Utilities	1,248.9	1,281.5	1,315.1	1,333.9	1,334.5
Wholesale Trade	338.1	344.9	350.4	357.6	353.6
Retail Trade	666.6	684.1	706.4	717.1	729.4
Transportation, Warehousing and Utilities	244.0	252.4	258.2	258.9	251.3
Information	269.1	294.1	305.3	289.8	267.4
Financial Activities	366.7	374.0	372.5	394.0	404.6
Professional and Business Services	924.3	948.5	985.5	977.0	971.8
Educational and Health Services	624.1	638.1	657.6	680.4	706.7
Leisure and Hospitality	579.4	595.8	614.0	636.6	645.5
Other Services	217.7	223.3	229.4	236.0	240.6
Government	909.4	944.6	979.8	1,010.6	1,035.3
Total Nonfarm	6,412.6	6,587.3	6,762.5	6,835.6	6,815.3
PERCENTAGE CHANGE					
Goods Producing	3.5%	1.1%	1.2%	-2.0%	-5.4%
Natural Resources and Mining	-2.4%	-4.5%	-1.6%	0.8%	-4.2%
Construction	10.1%	10.5%	6.6%	5.8%	-0.7%
Manufacturing	2.0%	-1.2%	-0.3%	-4.4%	-6.9%
Durable Goods	3.3%	-1.5%	-0.6%	-4.1%	-7.6%
Nondurable Goods	0.0%	-0.7%	0.4%	-5.0%	-6.0%
Service Providing	3.0%	3.1%	3.0%	1.8%	0.9%
Trade, Transportation and Utilities	2.4%	2.6%	2.6%	1.4%	0.0%
Wholesale Trade	2.1%	2.0%	1.6%	2.1%	-1.1%
Retail Trade	1.9%	2.6%	3.3%	1.5%	1.7%
Transportation, Warehousing and Utilities	4.2%	3.4%	2.3%	0.3%	-3.0%
Information	1.3%	9.3%	3.8%	-5.1%	-7.7%
Financial Activities	3.7%	2.0%	-0.4%	5.8%	2.7%
Professional and Business Services	7.2%	2.6%	3.9%	-0.9%	-0.5%
Educational and Health Services	2.2%	2.2%	3.1%	3.5%	3.9%
Leisure and Hospitality	2.0%	2.8%	3.0%	3.7%	1.4%
Other Services	3.5%	2.5%	2.7%	2.9%	1.9%
Government	1.3%	3.9%	3.7%	3.1%	2.4%
Total Nonfarm	3.1%	2.7%	2.7%	1.1%	-0.3%
LEVELS IN MILLIONS					
PERSONAL INCOME	431,053	453,227	487,361	510,803	518,438
Annual percentage change	7.7%	5.1%	7.5%	4.8%	1.5%
Per capita income (\$)	\$26,831	\$27,759	\$29,385	\$30,256	\$30,159
TAXABLE SALES					
Year to year percentage change	5.6%	9.2%	10.2%	1.7%	1.3%

Regional
Economic
Forecast

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	2003e	2004f	2005f	Average Annual Change (1998-2002) (2002-2005)	
LEVELS IN THOUSANDS					
POPULATION	17,538	17,809	18,095	311	283
Annual percentage change	1.7%	1.5%	1.6%	1.9%	1.6%
HOUSEHOLD EMPLOYMENT					
Labor Force	8,439.5	8,530.1	8,843.3	117.1	153.0
Total Employment	7,930.3	8,048.5	8,380.8	105.4	170.1
Total Unemployment	509.2	481.6	462.5	11.8	-17.1
Unemployment Rate	6.0%	5.6%	5.2%	1.0%	-4.9%
WAGE & SALARY EMPLOYMENT					
Goods Producing	1,176.7	1,170.6	1,179.3	-16.0	-9.9
Natural Resources and Mining	7.4	7.1	7.1	-0.2	-0.2
Construction	317.5	319.1	328.4	15.3	2.9
Manufacturing	851.8	844.4	843.8	-31.1	-12.6
Durable Goods	522.3	515.8	514.7	-20.6	-8.6
Nondurable Goods	329.6	328.6	329.1	-10.5	-3.9
Service Providing	5,612.8	5,711.1	5,847.9	116.7	80.5
Trade, Transportation and Utilities	1,334.3	1,354.3	1,382.6	21.4	16.0
Wholesale Trade	351.8	354.9	359.4	3.9	1.9
Retail Trade	733.2	745.5	759.8	15.7	10.2
Transportation, Warehousing and Utilities	249.3	253.8	263.4	1.8	4.0
Information	260.3	268.6	278.6	-0.4	3.7
Financial Activities	410.7	415.7	420.7	9.5	5.4
Professional and Business Services	979.5	1,009.1	1,052.5	11.9	26.9
Educational and Health Services	707.5	723.5	741.8	20.6	11.7
Leisure and Hospitality	655.2	672.4	687.5	16.5	14.0
Other Services	241.5	244.2	248.2	5.7	2.5
Government	1,035.4	1,035.0	1,047.9	31.5	4.2
Total Nonfarm	6,789.5	6,881.7	7,027.2	100.7	70.6
PERCENTAGE CHANGE					
Goods Producing	-2.7%	-0.5%	0.7%	-1.3%	-0.8%
Natural Resources and Mining	-4.6%	-3.0%	-1.2%	-2.3%	-2.9%
Construction	-0.7%	0.5%	2.9%	5.9%	0.9%
Manufacturing	-3.4%	-0.9%	-0.1%	-3.1%	-1.4%
Durable Goods	-3.4%	-1.2%	-0.2%	-3.3%	-1.6%
Nondurable Goods	-3.3%	-0.3%	0.2%	-2.7%	-1.2%
Service Providing	0.1%	1.8%	2.4%	2.3%	1.4%
Trade, Transportation and Utilities	0.0%	1.5%	2.1%	1.7%	1.2%
Wholesale Trade	-0.5%	0.9%	1.2%	1.1%	0.5%
Retail Trade	0.5%	1.7%	1.9%	2.4%	1.4%
Transportation, Warehousing and Utilities	-0.8%	1.8%	3.8%	0.7%	1.6%
Information	-2.6%	3.2%	3.7%	-0.2%	1.4%
Financial Activities	1.5%	1.2%	1.2%	2.6%	1.3%
Professional and Business Services	0.8%	3.0%	4.3%	1.3%	2.8%
Educational and Health Services	0.1%	2.3%	2.5%	3.3%	1.7%
Leisure and Hospitality	1.5%	2.6%	2.2%	2.9%	2.2%
Other Services	0.4%	1.1%	1.6%	2.6%	1.1%
Government	0.0%	0.0%	1.2%	3.5%	0.4%
Total Nonfarm	-0.4%	1.4%	2.1%	1.6%	1.0%
LEVELS IN MILLIONS					
PERSONAL INCOME	533,741	558,217	587,627	21,846	23,063
Annual percentage change	3.0%	4.6%	5.3%	5.1%	4.4%
Per capita income (\$)	\$30,507	\$31,344	\$32,426	\$832	\$756
TAXABLE SALES	209,709	219,403	230,828	9,848	9,142
Year to year percentage change	3.1%	4.6%	5.2%	6.0%	4.5%

e = estimate, f = forecast.



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Regional Economic Forecast for Southern California 2004-2005

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California State University, Long Beach

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CSULB ECONOMIC FORECAST FOR THE SOUTHERN CALIFORNIA COUNTIES

Los Angeles
County
Historical Data

	1998	1999	2000	2001	2002
WAGE AND SALARY EMPLOYMENT					
Construction and Mining	122,525	130,308	135,042	140,633	138,417
Durable Manufacturing	364,258	352,342	341,850	325,358	300,508
Nondurable Manufacturing	278,625	271,908	269,475	252,533	235,842
Trade, Transportation & Utilities	757,908	770,492	784,758	789,775	786,733
Information	214,625	236,233	242,625	226,258	208,758
Financial Activities	218,392	220,983	218,733	228,942	231,192
Professional and Business Services	585,142	584,967	598,158	587,983	578,333
Educational and Health Services	394,558	401,792	416,225	432,175	449,275
Leisure and Hospitality Services	331,608	335,758	344,317	348,500	353,258
Other Services	134,900	136,500	139,667	143,150	145,242
Federal Government	56,142	57,075	57,933	54,350	54,275
State and Local Government	484,825	504,567	523,317	543,917	551,633
Total Nonfarm Employment	3,943,508	4,002,925	4,072,100	4,073,575	4,033,467

YEAR-TO-YEAR % CHANGE

Construction and Mining	7.4	6.4	3.6	4.1	-1.6
Durable Manufacturing	1.8	-3.3	-3.0	-4.8	-7.6
Nondurable Manufacturing	-0.7	-2.4	-0.9	-6.3	-6.6
Trade, Transportation & Utilities	1.8	1.7	1.9	0.6	-0.4
Information	0.0	10.1	2.7	-6.7	-7.7
Financial Activities	1.6	1.2	-1.0	4.7	1.0
Professional and Business Services	4.8	0.0	2.3	-1.7	-1.6
Educational and Health Services	2.2	1.8	3.6	3.8	4.0
Leisure and Hospitality Services	1.5	1.3	2.5	1.2	1.4
Other Services	3.0	1.2	2.3	2.5	1.5
Federal Government -	3.0	1.7	1.5	-6.2	-0.1
State and Local Government	1.3	4.1	3.7	3.9	1.4
Total Nonfarm Employment	2.0	1.5	1.7	0.0	-1.0

TAXABLE SALES (IN THOUSANDS)

	90,205,600	97,316,828	106,673,534	107,426,692	109,678,891
Percentage Change	4.4	7.9	9.6	0.7	2.1

BUILDING PERMITS (SIN.-FAM. RESID.)

	6,887	7,658	8,398	8,181	8,212
Percentage Change	1.5	11.2	9.7	-2.6	0.4

Regional
Economic
Forecast

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	2003e	2004f	2005f	Average Annual Change (1998-2002)	(2002-2005)
WAGE AND SALARY EMPLOYMENT					
Construction and Mining	138,637	137,190	139,111	3,973	231
Durable Manufacturing	286,964	285,802	287,321	-15,938	-4,396
Nondurable Manufacturing	222,963	211,930	212,561	-10,696	-7,760
Trade, Transportation & Utilities	788,811	803,793	822,757	7,206	12,008
Information	199,654	208,061	215,968	-1,467	2,403
Financial Activities	233,342	237,024	241,791	3,200	3,533
Professional and Business Services	574,208	589,965	606,424	-1,702	9,364
Educational and Health Services	460,385	472,544	485,750	13,679	12,158
Leisure and Hospitality Services	359,073	365,604	376,530	5,412	7,757
Other Services	145,452	145,849	147,088	2,585	616
Federal Government	55,744	53,710	54,015	-467	-87
State and Local Government	543,917	540,651	535,253	16,702	-5,460
Total Nonfarm Employment	4,009,149	4,052,124	4,124,569	22,490	30,367

YEAR-TO-YEAR % CHANGE

Construction and Mining	0.2	-1.0	1.4	3.2	0.2
Durable Manufacturing	-4.5	-0.4	0.5	-4.4	-1.5
Nondurable Manufacturing	-5.5	-4.9	0.3	-3.8	-3.3
Trade, Transportation & Utilities	0.3	1.9	2.4	1.0	1.5
Information	-4.4	4.2	3.8	-0.7	1.2
Financial Activities	0.9	1.6	2.0	1.5	1.5
Professional and Business Services	-0.7	2.7	2.8	-0.3	1.6
Educational and Health Services	2.5	2.6	2.8	3.5	2.7
Leisure and Hospitality Services	1.6	1.8	3.0	1.6	2.2
Other Services	0.1	0.3	0.8	1.9	0.4
Federal Government	2.7	-3.6	0.6	-0.8	-0.2
State and Local Government	-1.4	-0.6	-1.0	3.4	-1.0
Total Nonfarm Employment	-0.6	1.1	1.8	0.6	0.8

TAXABLE SALES (IN THOUSANDS)	115,320,151	120,914,531	128,112,554	4,868,323	6,144,554
Percentage Change	5.1	4.9	6.0	5.4	5.6

BUILDING PERMITS (SIN.-FAM. RESID.)	8,461	8,220	8,163	331	-16
Percentage Change	3.0	-2.8	-0.7	4.8	-0.2

e = estimate, f = forecast.

Los Angeles
County
Forecast

**CSULB
ECONOMIC
FORECAST FOR
THE SOUTHERN
CALIFORNIA
COUNTIES**

Orange County
Historical Data

	1998	1999	2000	2001	2002
WAGE AND SALARY EMPLOYMENT					
Construction and Mining	66,233	73,000	77,600	81,283	79,725
Durable Manufacturing	153,367	151,325	153,425	147,825	133,000
Nondurable Manufacturing	61,108	61,992	63,300	60,708	57,042
Trade, Transportation & Utilities	246,150	253,767	259,075	264,350	262,250
Information	34,567	36,475	41,467	40,192	35,983
Financial Activities	99,425	100,742	100,833	105,908	110,550
Professional and Business Services	220,292	235,700	248,842	248,442	249,233
Educational and Health Services	107,675	110,267	112,842	114,608	117,817
Leisure and Hospitality Services	131,900	137,933	140,700	154,308	156,442
Other Services	42,075	42,867	44,192	45,183	45,900
Federal Government	13,175	12,742	12,992	12,042	11,717
State and Local Government	123,175	128,400	133,592	138,850	143,375
Total Nonfarm Employment	1,299,142	1,345,208	1,388,858	1,413,700	1,403,033

YEAR-TO-YEAR % CHANGE

Construction and Mining	10.5	10.2	6.3	4.7	-1.9
Durable Manufacturing	4.2	-1.3	1.4	-3.6	-10.0
Nondurable Manufacturing	-0.7	1.4	2.1	-4.1	-6.0
Trade, Transportation & Utilities	3.6	3.1	2.1	2.0	-0.8
Information	6.4	5.5	13.7	-3.1	-10.5
Financial Activities	8.3	1.3	0.1	5.0	4.4
Professional and Business Services	12.1	7.0	5.6	-0.2	0.3
Educational and Health Services	1.4	2.4	2.3	1.6	2.8
Leisure and Hospitality Services	3.4	4.6	2.0	9.7	1.4
Other Services	4.6	1.9	3.1	2.2	1.6
Federal Government -	2.1	-3.3	2.0	-7.3	-2.7
State and Local Government	3.3	4.2	4.0	3.9	3.3
Total Nonfarm Employment	5.3	3.5	3.2	1.8	-0.8

TAXABLE SALES (IN THOUSANDS)	37,108,350	40,366,090	44,462,460	44,595,314	45,118,232
Percentage Change	6.3	8.8	10.1	0.3	1.2

BUILDING PERMITS (SIN.-FAM. RESID.)	7,366	7,686	6,771	5,926	6,385
Percentage Change -	10.4	4.3	-11.9	-12.5	7.7

	2003e	2004f	2005f	Average Annual Change (1998-2002)	(2002-2005)
WAGE AND SALARY EMPLOYMENT					
Construction and Mining	79,854	82,675	88,096	3,373	2,790
Durable Manufacturing	125,681	122,449	124,573	-5,092	-2,809
Nondurable Manufacturing	55,891	56,648	57,129	-1,017	29
Trade, Transportation & Utilities	261,209	265,062	272,351	4,025	3,367
Information	33,705	36,052	38,059	354	692
Financial Activities	113,626	115,568	117,506	2,781	2,319
Professional and Business Services	254,251	258,488	269,482	7,235	6,750
Educational and Health Services	119,317	122,633	125,297	2,535	2,494
Leisure and Hospitality Services	157,677	160,098	166,034	6,135	3,198
Other Services	45,985	46,442	47,460	956	520
Federal Government	11,760	11,713	11,791	-365	25
State and Local Government	143,470	142,989	142,481	5,050	-298
Total Nonfarm Employment	1,402,427	1,420,817	1,460,260	25,973	19,076

YEAR-TO-YEAR % CHANGE

Construction and Mining	0.2	3.5	6.6	5.1	3.5
Durable Manufacturing	-5.5	-2.6	1.7	-3.3	-2.1
Nondurable Manufacturing	-2.0	1.4	0.8	-1.7	0.1
Trade, Transportation & Utilities	-0.4	1.5	2.8	1.6	1.3
Information	-6.3	7.0	5.6	1.0	1.9
Financial Activities	2.8	1.7	1.7	2.8	2.1
Professional and Business Services	2.0	1.7	4.3	3.3	2.7
Educational and Health Services	1.3	2.8	2.2	2.4	2.1
Leisure and Hospitality Services	0.8	1.5	3.7	4.7	2.0
Other Services	0.2	1.0	2.2	2.3	1.1
Federal Government	0.4	-0.4	0.7	-2.8	0.2
State and Local Government	0.1	-0.3	-0.4	4.1	-0.2
Total Nonfarm Employment	0.0	1.3	2.8	2.0	1.4

TAXABLE SALES (IN THOUSANDS)	47,342,096	49,840,070	53,370,493	2,002,470	2,750,754
Percentage Change	4.9	5.3	7.1	5.4	6.1

BUILDING PERMITS (SIN.-FAM. RESID.)	6,854	6,781	7,131	-245	249
Percentage Change	7.3	-1.1	5.2	-3.3	3.9

e = estimate, f = forecast.

Orange County
Forecast

CSULB ECONOMIC FORECAST FOR THE SOUTHERN CALIFORNIA COUNTIES

Riverside/
San Bernardino
Counties
Historical Data

	1998	1999	2000	2001	2002
WAGE AND SALARY EMPLOYMENT					
Construction and Mining	62,350	73,008	81,375	89,600	91,450
Durable Manufacturing	78,825	83,017	85,575	84,142	81,425
Nondurable Manufacturing	30,275	32,258	34,542	34,408	33,225
Trade, Transportation & Utilities	191,200	201,425	212,150	219,425	224,267
Information	12,375	12,800	12,867	14,558	13,983
Financial Activities	32,967	34,767	34,783	38,150	39,783
Professional and Business Services	81,667	89,442	97,025	101,692	105,550
Educational and Health Services	96,358	99,717	102,167	106,033	111,158
Leisure and Hospitality Services	90,733	95,758	100,817	104,400	106,050
Other Services	30,800	33,633	34,958	37,100	38,517
Federal Government	7,517	17,475	18,183	16,850	16,950
State and Local Government	157,133	165,658	173,958	183,383	195,408
Total Nonfarm Employment	882,200	938,958	988,400	1,029,742	1,057,767

YEAR-TO-YEAR % CHANGE

Construction and Mining	13.5	17.1	11.5	10.1	2.1
Durable Manufacturing	9.0	5.3	3.1	-1.7	-3.2
Nondurable Manufacturing	4.5	6.6	7.1	-0.4	-3.4
Trade, Transportation & Utilities	3.6	5.3	5.3	3.4	2.2
Information	7.2	3.4	0.5	13.1	-3.9
Financial Activities	0.7	5.5	0.0	9.7	4.3
Professional and Business Services	10.8	9.5	8.5	4.8	3.8
Educational and Health Services	3.8	3.5	2.5	3.8	4.8
Leisure and Hospitality Services	2.1	5.5	5.3	3.6	1.6
Other Services	4.4	9.2	3.9	6.1	3.8
Federal Government	-5.1	-0.2	4.1	-7.3	0.6
State and Local Government	2.6	5.4	5.0	5.4	6.6
Total Nonfarm Employment	4.8	6.4	5.3	4.2	2.7

TAXABLE SALES (IN THOUSANDS)	28,143,151	31,864,323	35,864,887	37,915,698	40,520,842
Percentage Change	8.3	13.2	12.6	5.7	6.9

BUILDING PERMITS (SIN.-FAM. RESID.)	16,360	18,612	19,461	23,379	29,748
Percentage Change	18.5	13.8	4.6	20.1	27.2

	2003e	2004f	2005f	Average Annual Change (1998-2002) (2002-2005)	
WAGE AND SALARY EMPLOYMENT					
Construction and Mining	96,994	103,000	110,226	7,275	6,259
Durable Manufacturing	81,095	80,632	82,504	650	360
Nondurable Manufacturing	33,495	34,350	37,093	738	1,289
Trade, Transportation & Utilities	230,657	238,588	246,151	8,267	7,295
Information	13,650	14,172	14,646	402	221
Financial Activities	41,126	42,527	43,235	1,704	1,151
Professional and Business Services	106,560	109,153	113,311	5,971	2,587
Educational and Health Services	113,338	116,470	119,491	3,700	2,777
Leisure and Hospitality Services	104,513	107,285	111,116	3,829	1,689
Other Services	39,449	41,119	43,049	1,929	1,511
Federal Government	17,090	17,100	17,418	-142	156
State and Local Government	194,071	190,932	188,462	9,569	-2,315
Total Nonfarm Employment	1,072,040	1,095,328	1,126,702	43,892	22,978

YEAR-TO-YEAR % CHANGE

Construction and Mining	6.1	6.2	7.0	11.7	6.8
Durable Manufacturing	-0.4	-0.6	2.3	0.8	0.4
Nondurable Manufacturing	0.8	2.6	8.0	2.4	3.9
Trade, Transportation & Utilities	2.8	3.4	3.2	4.3	3.3
Information	-2.4	3.8	3.3	3.2	1.6
Financial Activities	3.4	3.4	1.7	5.2	2.9
Professional and Business Services	1.0	2.4	3.8	7.3	2.5
Educational and Health Services	2.0	2.8	2.6	3.8	2.5
Leisure and Hospitality Services	-1.4	2.7	3.6	4.2	1.6
Other Services	2.4	4.2	4.7	6.3	3.9
Federal Government	0.8	0.1	1.9	-0.8	0.9
State and Local Government	-0.7	-1.6	-1.3	6.1	-1.2
Total Nonfarm Employment	1.3	2.2	2.9	5.0	2.2

TAXABLE SALES (IN THOUSANDS)	44,692,260	49,199,047	54,818,272	3,094,423	4,765,810
Percentage Change	10.3	10.1	11.4	11.0	11.8

BUILDING PERMITS (SIN.-FAM. RESID.)	21,924	23,511	22,206	3,347	-2,514
Percentage Change	-26.3	7.2	-5.6	20.5	-8.5

e = estimate, f = forecast.

CSULB ECONOMIC FORECAST FOR THE SOUTHERN CALIFORNIA COUNTIES

Ventura County
Historical Data

	1998	1999	2000	2001	2002
WAGE AND SALARY EMPLOYMENT					
Construction and Mining	14,392	15,667	16,300	16,867	16,025
Durable Manufacturing	25,842	26,050	27,808	26,592	24,850
Nondurable Manufacturing	12,108	13,267	13,542	13,925	13,108
Trade, Transportation & Utilities	45,242	46,933	49,692	50,750	51,833
Information	7,117	8,175	7,908	8,358	8,275
Financial Activities	14,650	16,142	16,708	19,658	21,717
Professional and Business Services	35,133	36,558	39,567	37,158	36,583
Educational and Health Services	23,333	23,958	24,200	25,333	26,017
Leisure and Hospitality Services	22,275	23,475	25,192	26,550	26,883
Other Services	9,192	9,467	9,733	9,633	9,633
Federal Government	8,767	8,517	8,175	7,958	7,942
State and Local Government	34,292	35,408	36,167	37,158	37,433
Total Nonfarm Employment	252,342	263,617	274,992	279,942	280,300

YEAR-TO-YEAR % CHANGE					
Construction and Mining	10.1	8.9	4.0	3.5	-5.0
Durable Manufacturing	3.6	0.8	6.7	-4.4	-6.5
Nondurable Manufacturing	8.8	9.6	2.1	2.8	-5.9
Trade, Transportation & Utilities	0.6	3.7	5.9	2.1	2.1
Information	9.9	14.9	-3.3	5.7	-1.0
Financial Activities	12.8	10.2	3.5	17.7	10.5
Professional and Business Services	10.6	4.1	8.2	-6.1	-1.5
Educational and Health Services	1.3	2.7	1.0	4.7	2.7
Leisure and Hospitality Services	1.2	5.4	7.3	5.4	1.3
Other Services	1.9	3.0	2.8	-1.0	0.0
Federal Government -	5.2	-2.9	-4.0	-2.7	-0.2
State and Local Government	0.6	3.3	2.1	2.7	0.7
Total Nonfarm Employment	4.0	4.5	4.3	1.8	0.1

TAXABLE SALES (IN THOUSANDS)	7,470,934	8,339,182	9,096,092	9,532,990	9,814,256
Percentage Change	6.1	11.6	9.1	4.8	3.0

BUILDING PERMITS (SIN.-FAM. RESID.)	2,811	3,662	2,995	3,157	2,228
Percentage Change	35.7	30.3	-18.2	5.4	-29.4

	2003e	2004f	2005f	Average Annual Change (1998-2002)	(2002-2005)
WAGE AND SALARY EMPLOYMENT					
Construction and Mining	14,407	13,812	13,565	408	-820
Durable Manufacturing	23,540	23,005	23,323	-248	-509
Nondurable Manufacturing	13,246	13,771	14,397	250	430
Trade, Transportation & Utilities	52,496	53,906	55,150	1,648	1,105
Information	8,193	8,808	9,263	290	329
Financial Activities	22,284	23,031	22,982	1,767	422
Professional and Business Services	34,374	35,196	36,400	363	-61
Educational and Health Services	26,787	27,376	28,219	671	734
Leisure and Hospitality Services	26,551	26,659	27,423	1,152	180
Other Services	8,444	8,723	8,987	110	-215
Federal Government	7,912	7,759	7,836	-206	-35
State and Local Government	36,810	37,432	37,654	785	74
Total Nonfarm Employment	275,044	279,478	285,200	6,990	1,633

YEAR-TO-YEAR % CHANGE

Construction and Mining	-10.1	-4.1	-1.8	2.8	-5.1
Durable Manufacturing	-5.3	-2.3	1.4	-1.0	-2.0
Nondurable Manufacturing	1.1	4.0	4.5	2.1	3.3
Trade, Transportation & Utilities	1.3	2.7	2.3	3.6	2.1
Information	-1.0	7.5	5.2	4.1	4.0
Financial Activities	2.6	3.4	-0.2	12.1	1.9
Professional and Business Services	-6.0	2.4	3.4	1.0	-0.2
Educational and Health Services	3.0	2.2	3.1	2.9	2.8
Leisure and Hospitality Services	-1.2	0.4	2.9	5.2	0.7
Other Services	-12.3	3.3	3.0	1.2	-2.2
Federal Government	-0.4	-1.9	1.0	-2.4	-0.4
State and Local Government	-1.7	1.7	0.6	2.3	0.2
Total Nonfarm Employment	-1.9	1.6	2.0	2.8	0.6

TAXABLE SALES (IN THOUSANDS)	9,931,374	10,381,587	10,973,621	585,831	386,455
Percentage Change	1.2	4.5	5.7	7.8	3.9

BUILDING PERMITS (SIN.-FAM. RESID.)	2,803	3,145	3,186	-146	319
Percentage Change	25.8	12.2	1.3	-5.2	14.3

e = estimate, f = forecast.

Ventura County
Forecast

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Regional Economic Forecast for Southern California 2004-2005

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CSUF ECONOMIC FORECAST FOR THE SOUTHERN CALIFORNIA COUNTIES

Imperial County
Historical Data

	1998	1999	2000	2001	2002
LEVELS IN THOUSANDS					
POPULATION	139	141	146	149	152
Annual percentage change	0.1%	1.1%	3.8%	1.7%	2.6%
HOUSEHOLD EMPLOYMENT					
Labor Force	56.2	55.5	58.2	55.1	55.8
Total Employment	41.6	42.5	42.9	43.1	45.1
Total Unemployment	14.6	13.0	15.3	12.0	10.7
Unemployment Rate	25.9%	23.4%	26.3%	21.7%	19.2%
WAGE & SALARY EMPLOYMENT					
Goods Producing	3.1	3.3	3.6	3.5	4.3
Natural Resources and Construction	1.4	1.7	2.0	1.7	1.8
Construction	na	na	na	na	na
Manufacturing	1.7	1.6	1.6	1.8	2.5
Durable Goods	0.8	0.8	0.9	0.9	0.9
Nondurable Goods	0.9	0.8	0.7	1.0	1.7
Service Providing	32.3	33.3	34.5	35.1	36.4
Trade, Transportation and Utilities	8.4	8.9	9.4	9.6	9.4
Wholesale Trade	1.5	1.6	1.7	1.7	1.6
Retail Trade	5.5	5.9	6.2	6.1	6.1
Transportation, Warehousing and Utilities	1.2	1.4	1.5	1.4	1.4
Information	0.4	0.4	0.4	0.4	0.4
Financial Activities	1.3	1.3	1.4	1.4	1.4
Professional and Business Services	2.1	1.8	1.9	1.7	2.1
Educational and Health Services	2.2	2.3	2.2	2.3	2.4
Leisure and Hospitality	2.8	2.9	2.9	2.8	2.9
Other Services	0.8	0.8	0.8	1.0	1.3
Government	14.4	14.8	15.5	16.1	16.6
Total Nonfarm	35.4	36.6	38.1	38.7	40.7
PERCENTAGE CHANGE					
Goods Producing	3.7%	8.1%	8.3%	-2.1%	22.0%
Natural Resources and Construction	1.8%	18.1%	16.3%	-14.0%	5.0%
Construction	na	na	na	na	na
Manufacturing	5.3%	-0.5%	0.0%	12.2%	37.6%
Durable Goods	10.3%	1.0%	11.3%	-0.9%	-4.7%
Nondurable Goods	1.0%	-2.0%	-11.0%	28.1%	77.2%
Service Providing	1.1%	2.9%	3.8%	1.7%	3.6%
Trade, Transportation and Utilities	0.4%	5.7%	5.8%	1.1%	-1.3%
Wholesale Trade	-2.7%	3.3%	11.3%	-1.4%	-6.4%
Retail Trade	0.8%	7.0%	4.8%	-0.3%	0.1%
Transportation, Warehousing and Utilities	-1.4%	11.6%	9.2%	-5.1%	-1.2%
Information	-8.6%	-9.4%	0.0%	6.3%	-5.9%
Financial Activities	-0.7%	6.0%	6.3%	-4.1%	3.1%
Professional and Business Services	-6.5%	-12.6%	6.0%	-10.5%	21.1%
Educational and Health Services	1.2%	7.3%	-6.4%	4.2%	6.2%
Leisure and Hospitality	2.1%	2.1%	1.1%	-4.3%	1.5%
Other Services	2.3%	6.7%	0.0%	18.8%	34.2%
Government	3.0%	2.9%	4.6%	3.9%	3.1%
Total Nonfarm	1.4%	3.4%	4.2%	1.4%	5.2%
LEVELS IN MILLIONS					
PERSONAL INCOME	2,502	2,577	2,502	2,615	2,725
Annual percentage change	8.4%	3.0%	-2.9%	4.5%	4.2%
Per capita income (\$)	\$17,973	\$18,303	\$17,128	\$17,599	\$17,883
TAXABLE SALES	1,105	1,293	1,404	1,382	1,393
Year to year percentage change	5.1%	17.0%	8.5%	-1.6%	0.9%

Regional
Economic
Forecast

	2003e	2004f	2005f	Average Annual Change (1998-2002) (2002-2005)	
LEVELS IN THOUSANDS					
POPULATION	156	160	165	3	4
Annual percentage change	2.6%	2.5%	3.2%	2.4%	2.9%
HOUSEHOLD EMPLOYMENT					
Labor Force	56.3	57.5	59.2	0	1
Total Employment	43.7	44.0	46.0	1	0
Total Unemployment	12.5	13.5	13.2	-1	1
Unemployment Rate	22.3%	23.5%	22.3%	-1.7%	1.0%
WAGE & SALARY EMPLOYMENT					
Goods Producing	4.2	4.2	4.1	0.3	-0.1
Natural Resources and Construction	1.6	1.5	1.6	0.1	-0.1
Construction	na	na	na	na	na
Manufacturing	2.6	2.6	2.5	0.2	0.0
Durable Goods	0.8	0.7	0.7	0.0	-0.1
Nondurable Goods	1.8	1.9	1.9	0.2	0.1
Service Providing	36.3	36.7	37.6	1.0	0.4
Trade, Transportation and Utilities	9.0	9.0	9.0	0.2	-0.1
Wholesale Trade	1.6	1.6	1.6	0.0	0.0
Retail Trade	6.0	5.9	5.9	0.2	-0.1
Transportation, Warehousing and Utilities	1.4	1.5	1.5	0.0	0.0
Information	0.4	0.4	0.4	0.0	0.0
Financial Activities	1.4	1.4	1.4	0.0	0.0
Professional and Business Services	2.0	1.9	1.8	0.0	-0.1
Educational and Health Services	2.5	2.5	2.5	0.1	0.0
Leisure and Hospitality	2.9	2.9	2.9	0.0	0.0
Other Services	1.5	1.7	1.9	0.1	0.2
Government	16.5	17.0	17.6	0.5	0.4
Total Nonfarm	40.4	40.8	41.7	1.3	0.3
PERCENTAGE CHANGE					
Goods Producing	-3.1%	-0.4%	-1.0%	10.0%	-1.5%
Natural Resources and Construction	-11.3%	-3.5%	4.1%	6.0%	-3.6%
Construction	na	na	na	na	na
Manufacturing	2.6%	1.5%	-4.0%	13.4%	0.0%
Durable Goods	-6.1%	-8.6%	-7.0%	1.6%	-6.7%
Nondurable Goods	7.0%	6.0%	-2.9%	24.5%	3.4%
Service Providing	-0.4%	1.2%	2.4%	3.1%	1.1%
Trade, Transportation and Utilities	-4.3%	-0.6%	0.6%	2.9%	-1.4%
Wholesale Trade	0.5%	0.0%	1.6%	1.5%	0.7%
Retail Trade	-2.1%	-1.9%	-0.6%	3.0%	-1.5%
Transportation, Warehousing and Utilities	0.9%	4.2%	4.4%	3.6%	3.2%
Information	0.5%	3.6%	-0.4%	-2.4%	1.2%
Financial Activities	-0.1%	0.1%	0.5%	2.8%	0.2%
Professional and Business Services	-2.5%	-6.6%	-6.0%	0.1%	-4.8%
Educational and Health Services	3.7%	-0.4%	-0.2%	2.8%	1.1%
Leisure and Hospitality	0.4%	1.0%	1.1%	0.1%	0.8%
Other Services	18.6%	12.0%	13.8%	17.5%	17.1%
Government	-0.1%	2.5%	3.9%	3.8%	2.1%
Total Nonfarm	-0.7%	1.1%	2.0%	3.7%	0.8%
LEVELS IN MILLIONS					
PERSONAL INCOME	2,782	2,881	3,007	56	94
Annual percentage change	2.1%	3.6%	4.4%	2.2%	3.5%
Per capita income (\$)	\$17,799	\$17,976	\$18,178	-\$23	\$98
TAXABLE SALES					
Year to year percentage change	1,428	1,478	1,543	72	50
	2.5%	3.5%	4.4%	6.5%	3.6%

e = estimate, f = forecast.

CSUF ECONOMIC FORECAST FOR THE SOUTHERN CALIFORNIA COUNTIES

Los Angeles
County
Historical Data

	1998	1999	2000	2001	2002
LEVELS IN THOUSANDS					
POPULATION	9,266	9,394	9,560	9,732	9,876
Annual percentage change	0.9%	1.4%	1.8%	1.8%	1.5%
HOUSEHOLD EMPLOYMENT					
Labor Force	4,647.6	4,662.3	4,645.9	4,677.5	4,696.2
Total Employment	4,343.3	4,389.3	4,397.4	4,413.2	4,378.1
Total Unemployment	304.3	273.0	248.5	264.3	318.1
Unemployment Rate	6.5%	5.9%	5.3%	5.6%	6.8%
WAGE & SALARY EMPLOYMENT					
Goods Producing	765.4	754.6	746.4	718.5	674.8
Natural Resources and Mining	3.5	3.4	3.4	3.8	3.6
Construction	119.1	126.9	131.7	136.8	134.9
Manufacturing	642.9	624.3	611.3	577.9	536.4
Durable Goods	364.3	352.3	341.9	325.4	300.5
Nondurable Goods	278.6	271.9	269.5	252.5	235.8
Service Providing	3,178.1	3,248.4	3,325.7	3,355.1	3,358.7
Trade, Transportation and Utilities	757.9	770.5	784.8	789.8	786.7
Wholesale Trade	215.8	217.6	219.1	219.4	217.9
Retail Trade	374.4	380.7	391.3	394.8	398.9
Transportation, Warehousing and Utilities	167.8	172.2	174.4	175.6	169.9
Information	214.6	236.2	242.6	226.3	208.8
Financial Activities	218.4	221.0	218.7	228.9	231.2
Professional and Business Services	585.1	585.0	598.2	588.0	578.3
Educational and Health Services	394.6	401.8	416.2	432.2	449.3
Leisure and Hospitality	331.6	335.8	344.3	348.5	353.3
Other Services	134.9	136.5	139.7	143.2	145.2
Government	541.0	561.6	581.3	598.3	605.9
Total Nonfarm	3,943.5	4,002.9	4,072.1	4,073.6	4,033.5
PERCENTAGE CHANGE					
Goods Producing	1.7%	-1.4%	-1.1%	-3.7%	-6.1%
Natural Resources and Mining	-0.2%	-1.7%	-1.5%	13.1%	-6.3%
Construction	7.6%	6.6%	3.8%	3.9%	-1.4%
Manufacturing	0.7%	-2.9%	-2.1%	-5.5%	-7.2%
Durable Goods	1.8%	-3.3%	-3.0%	-4.8%	-7.6%
Nondurable Goods	-0.7%	-2.4%	-0.9%	-6.3%	-6.6%
Service Providing	2.1%	2.2%	2.4%	0.9%	0.1%
Trade, Transportation and Utilities	1.8%	1.7%	1.9%	0.6%	-0.4%
Wholesale Trade	1.2%	0.9%	0.7%	0.1%	-0.7%
Retail Trade	1.1%	1.7%	2.8%	0.9%	1.0%
Transportation, Warehousing and Utilities	4.4%	2.6%	1.3%	0.7%	-3.2%
Information	0.0%	10.1%	2.7%	-6.7%	-7.7%
Financial Activities	1.6%	1.2%	-1.0%	4.7%	1.0%
Professional and Business Services	4.8%	0.0%	2.3%	-1.7%	-1.6%
Educational and Health Services	2.2%	1.8%	3.6%	3.8%	4.0%
Leisure and Hospitality	1.5%	1.3%	2.5%	1.2%	1.4%
Other Services	3.0%	1.2%	2.3%	2.5%	1.5%
Government	0.9%	3.8%	3.5%	2.9%	1.3%
Total Nonfarm	2.0%	1.5%	1.7%	0.0%	-1.0%
LEVELS IN MILLIONS					
PERSONAL INCOME	253,406	264,408	282,700	296,233	300,084
Annual percentage change	7.8%	4.3%	6.9%	4.8%	1.3%
Per capita income (\$)	\$27,349	\$28,146	\$29,570	\$30,439	\$30,385
TAXABLE SALES	90,206	97,317	106,674	107,427	108,209
Year to year percentage change	4.4%	7.9%	9.6%	0.7%	0.7%

Regional
Economic
Forecast



	2003e	2004f	2005f	Average Annual Change (1998-2002) (2002-2005)	
LEVELS IN THOUSANDS					
POPULATION	9,999	10,109	10,230	153	118
Annual percentage change	1.2%	1.1%	1.2%	1.6%	1.2%
HOUSEHOLD EMPLOYMENT					
Labor Force	4,709.3	4,730.8	4,828.5	12	44
Total Employment	4,393.8	4,437.5	4,548.5	9	57
Total Unemployment	315.5	293.3	280.1	3	-13
Unemployment Rate	6.7%	6.2%	5.8%	0.1%	-0.3%
WAGE & SALARY EMPLOYMENT					
Goods Producing	652.1	644.3	640.7	-22.7	-11.4
Natural Resources and Mining	3.5	3.4	3.4	0.0	-0.1
Construction	132.4	133.7	136.7	4.0	0.6
Manufacturing	516.2	507.2	500.6	-26.6	-11.9
Durable Goods	290.4	283.2	278.3	-15.9	-7.4
Nondurable Goods	225.8	224.0	222.3	-10.7	-4.5
Service Providing	3,351.2	3,397.2	3,463.1	45.2	34.8
Trade, Transportation and Utilities	784.6	792.0	803.4	7.2	5.6
Wholesale Trade	218.4	219.0	220.1	0.5	0.7
Retail Trade	396.7	401.2	405.9	6.1	2.3
Transportation, Warehousing and Utilities	169.4	171.8	177.4	0.5	2.5
Information	204.5	211.5	219.9	-1.5	3.7
Financial Activities	233.3	234.1	235.0	3.2	1.3
Professional and Business Services	581.5	595.5	618.5	-1.7	13.4
Educational and Health Services	446.0	455.9	465.2	13.7	5.3
Leisure and Hospitality	362.7	371.4	377.9	5.4	8.2
Other Services	146.4	146.7	147.4	2.6	0.7
Government	604.0	601.9	607.6	16.2	0.6
Total Nonfarm	4,003.3	4,041.5	4,103.8	22.5	23.5
PERCENTAGE CHANGE					
Goods Producing	-3.4%	-1.2%	-0.6%	-3.0%	-1.7%
Natural Resources and Mining	-2.2%	-1.9%	-1.5%	0.7%	-1.8%
Construction	-1.8%	1.0%	2.3%	3.3%	0.5%
Manufacturing	-3.8%	-1.8%	-1.3%	-4.1%	-2.2%
Durable Goods	-3.4%	-2.5%	-1.7%	-4.4%	-2.5%
Nondurable Goods	-4.2%	-0.8%	-0.8%	-3.8%	-1.9%
Service Providing	-0.2%	1.4%	1.9%	1.4%	1.0%
Trade, Transportation and Utilities	-0.3%	0.9%	1.4%	1.0%	0.7%
Wholesale Trade	0.2%	0.3%	0.5%	0.2%	0.3%
Retail Trade	-0.5%	1.1%	1.2%	1.6%	0.6%
Transportation, Warehousing and Utilities	-0.3%	1.4%	3.3%	0.3%	1.5%
Information	-2.0%	3.4%	4.0%	-0.7%	1.8%
Financial Activities	0.9%	0.3%	0.4%	1.5%	0.5%
Professional and Business Services	0.5%	2.4%	3.9%	-0.3%	2.3%
Educational and Health Services	-0.7%	2.2%	2.0%	3.5%	1.2%
Leisure and Hospitality	2.7%	2.4%	1.8%	1.6%	2.3%
Other Services	0.8%	0.2%	0.5%	1.9%	0.5%
Government	-0.3%	-0.4%	1.0%	3.0%	0.1%
Total Nonfarm	-0.7%	1.0%	1.5%	0.6%	0.6%
LEVELS IN MILLIONS					
PERSONAL INCOME	308,098	320,672	336,217	11,669	12,044
Annual percentage change	2.7%	4.1%	4.8%	4.6%	4.0%
Per capita income (\$)	\$30,814	\$31,957	\$33,175	\$759	\$930
TAXABLE SALES					
Year to year percentage change	2.8%	4.0%	4.6%	5.0%	3.9%

e = estimate, f = forecast.

CSUF ECONOMIC FORECAST FOR THE SOUTHERN CALIFORNIA COUNTIES

Orange County
Historical Data

	1998	1999	2000	2001	2002
LEVELS IN THOUSANDS					
POPULATION	2,750	2,803	2,855	2,907	2,956
Annual percentage change	1.9%	1.9%	1.8%	1.8%	1.7%
HOUSEHOLD EMPLOYMENT					
Labor Force	1,435.1	1,471.7	1,502.1	1,540.5	1,559.7
Total Employment	1,393.7	1,432.7	1,463.9	1,493.6	1,495.1
Total Unemployment	41.4	39.0	38.2	46.9	64.6
Unemployment Rate	2.9%	2.6%	2.5%	3.0%	4.1%
WAGE & SALARY EMPLOYMENT					
Goods Producing	280.7	286.3	294.3	289.8	269.8
Natural Resources and Mining	1.0	0.8	0.6	0.6	0.5
Construction	65.3	72.2	77.0	80.7	79.2
Manufacturing	214.5	213.3	216.7	208.5	190.0
Durable Goods	153.4	151.3	153.4	147.8	133.0
Nondurable Goods	61.1	62.0	63.3	60.7	57.0
Service Providing	1,018.4	1,058.9	1,094.5	1,123.9	1,133.3
Trade, Transportation and Utilities	246.2	253.8	259.1	264.4	262.3
Wholesale Trade	78.8	81.4	80.8	83.9	81.3
Retail Trade	139.6	143.7	147.8	150.1	152.4
Transportation, Warehousing and Utilities	27.7	28.6	30.4	30.4	28.5
Information	34.6	36.5	41.5	40.2	36.0
Financial Activities	99.4	100.7	100.8	105.9	110.6
Professional and Business Services	220.3	235.7	248.8	248.4	249.2
Educational and Health Services	107.7	110.3	112.8	114.6	117.8
Leisure and Hospitality	131.9	137.9	140.7	154.3	156.4
Other Services	42.1	42.9	44.2	45.2	45.9
Government	136.4	141.1	146.6	150.9	155.1
Total Nonfarm	1,299.1	1,345.2	1,388.9	1,413.7	1,403.0
PERCENTAGE CHANGE					
Goods Producing	4.5%	2.0%	2.8%	-1.5%	-6.9%
Natural Resources and Mining	26.9%	-22.9%	-17.6%	-4.0%	-12.5%
Construction	10.3%	10.7%	6.6%	4.8%	-1.8%
Manufacturing	2.8%	-0.5%	1.6%	-3.8%	-8.9%
Durable Goods	4.2%	-1.3%	1.4%	-3.6%	-10.0%
Nondurable Goods	-0.7%	1.4%	2.1%	-4.1%	-6.0%
Service Providing	5.5%	4.0%	3.4%	2.7%	0.8%
Trade, Transportation and Utilities	3.6%	3.1%	2.1%	2.0%	-0.8%
Wholesale Trade	3.9%	3.3%	-0.7%	3.7%	-3.0%
Retail Trade	5.1%	2.9%	2.9%	1.5%	1.5%
Transportation, Warehousing and Utilities	-4.0%	3.3%	6.1%	0.0%	-6.2%
Information	6.4%	5.5%	13.7%	-3.1%	-10.5%
Financial Activities	8.3%	1.3%	0.1%	5.0%	4.4%
Professional and Business Services	12.1%	7.0%	5.6%	-0.2%	0.3%
Educational and Health Services	1.4%	2.4%	2.3%	1.6%	2.8%
Leisure and Hospitality	3.4%	4.6%	2.0%	9.7%	1.4%
Other Services	4.6%	1.9%	3.1%	2.2%	1.6%
Government	2.8%	3.5%	3.9%	2.9%	2.8%
Total Nonfarm	5.3%	3.5%	3.2%	1.8%	-0.8%
LEVELS IN MILLIONS					
PERSONAL INCOME	87,686	93,187	101,280	106,284	108,397
Annual percentage change	7.7%	6.3%	8.7%	4.9%	2.0%
Per capita income (\$)	\$31,891	\$33,248	\$35,480	\$36,568	\$36,668
TAXABLE SALES	37,086	40,366	44,462	44,535	44,527
Year to year percentage change	6.2%	8.8%	10.2%	0.2%	-0.02%

Regional
Economic
Forecast



	2003e	2004f	2005f	Average Annual Change (1998-2002)	(2002-
LEVELS IN THOUSANDS					
POPULATION	3,008	3,057	3,107	52	50
Annual percentage change	1.7%	1.6%	1.6%	1.9%	1.7%
HOUSEHOLD EMPLOYMENT					
Labor Force	1,578.2	1,614.2	1,653.1	31	31
Total Employment	1,516.6	1,556.1	1,601.9	25	36
Total Unemployment	61.5	58.1	51.2	6	-4
Unemployment Rate	3.9%	3.6%	3.1%	0.3%	-0.3%
WAGE & SALARY EMPLOYMENT					
Goods Producing	260.5	257.3	259.9	-2.7	-3.3
Natural Resources and Mining	0.5	0.5	0.5	-0.1	0.0
Construction	78.1	75.5	77.4	3.5	-0.6
Manufacturing	181.9	181.2	182.0	-6.1	-2.7
Durable Goods	126.4	126.3	127.2	-5.1	-1.9
Nondurable Goods	55.6	55.0	54.8	-1.0	-0.7
Service Providing	1,140.4	1,161.6	1,190.0	28.7	18.9
Trade, Transportation and Utilities	260.4	263.8	268.9	4.0	2.2
Wholesale Trade	79.8	80.6	82.0	0.6	0.2
Retail Trade	153.1	155.5	158.3	3.2	2.0
Transportation, Warehousing and Utilities	27.5	27.7	28.6	0.2	0.0
Information	33.9	34.9	36.0	0.4	0.0
Financial Activities	113.5	116.0	117.6	2.8	2.3
Professional and Business Services	255.2	265.9	278.6	7.2	9.8
Educational and Health Services	118.8	119.5	122.0	2.5	1.4
Leisure and Hospitality	158.0	162.0	165.2	6.1	2.9
Other Services	46.0	46.4	47.1	1.0	0.4
Government	154.6	153.2	154.7	4.7	-0.1
Total Nonfarm	1,400.9	1,418.9	1,449.9	26.0	15.6
PERCENTAGE CHANGE					
Goods Producing	-3.4%	-1.3%	1.0%	-1.0%	-1.2%
Natural Resources and Mining	-3.1%	-3.3%	-3.3%	-11.7%	-3.1%
Construction	-1.4%	-3.3%	2.5%	5.3%	-0.7%
Manufacturing	-4.3%	-0.4%	0.4%	-2.8%	-1.4%
Durable Goods	-5.0%	-0.1%	0.7%	-3.3%	-1.5%
Nondurable Goods	-2.6%	-1.0%	-0.4%	-1.7%	-1.3%
Service Providing	0.6%	1.9%	2.4%	2.8%	1.7%
Trade, Transportation and Utilities	-0.7%	1.3%	1.9%	1.6%	0.8%
Wholesale Trade	-1.9%	1.0%	1.7%	0.8%	0.3%
Retail Trade	0.4%	1.6%	1.8%	2.3%	1.3%
Transportation, Warehousing and Utilities	-3.4%	0.8%	3.3%	0.7%	0.2%
Information	-5.8%	3.0%	3.2%	1.0%	0.0%
Financial Activities	2.7%	2.2%	1.4%	2.8%	2.1%
Professional and Business Services	2.4%	4.2%	4.8%	3.3%	3.9%
Educational and Health Services	0.8%	0.6%	2.1%	2.4%	1.2%
Leisure and Hospitality	1.0%	2.6%	1.9%	4.7%	1.9%
Other Services	0.3%	0.8%	1.5%	2.3%	0.9%
Government	-0.3%	-0.9%	1.0%	3.4%	-0.1%
Total Nonfarm	-0.15%	1.3%	2.2%	2.0%	1.1%
LEVELS IN MILLIONS					
PERSONAL INCOME	111,507	116,765	123,481	5,178	5,028
Annual percentage change	2.9%	4.7%	5.8%	5.9%	4.6%
Per capita income (\$)	\$37,073	\$38,194	\$39,738	\$1,194	\$1,023
TAXABLE SALES	45,757	48,016	50,879	1,860	2,117
Year to year percentage change	2.8%	4.9%	6.0%	5.0%	4.8%

e = estimate, f = forecast.

CSUF ECONOMIC FORECAST FOR THE SOUTHERN CALIFORNIA COUNTIES

Riverside/
San Bernardino
Counties
Historical Data

	1998	1999	2000	2001	2002
LEVELS IN THOUSANDS					
POPULATION	3,117	3,198	3,273	3,379	3,477
Annual percentage change	1.8%	2.6%	2.3%	3.3%	2.9%
HOUSEHOLD EMPLOYMENT					
Labor Force	1,388.7	1,450.6	1,510.2	1,575.5	1,646.5
Total Employment	1,303.8	1,376.5	1,433.0	1,496.5	1,549.3
Total Unemployment	84.9	74.1	77.2	79.0	97.2
Unemployment Rate	6.1%	5.1%	5.1%	5.0%	5.9%
WAGE & SALARY EMPLOYMENT					
Goods Producing	171.5	188.3	201.5	208.2	206.1
Natural Resources and Mining	1.4	1.3	1.3	1.2	1.1
Construction	61.0	71.7	80.1	88.4	90.3
Manufacturing	109.1	115.3	120.1	118.6	114.7
Durable Goods	78.8	83.0	85.6	84.1	81.4
Nondurable Goods	30.3	32.3	34.5	34.4	33.2
Service Providing	710.8	750.7	786.9	821.6	851.7
Trade, Transportation and Utilities	191.2	201.4	212.2	219.4	224.3
Wholesale Trade	33.1	34.9	38.3	41.6	41.0
Retail Trade	116.1	121.8	127.4	132.2	137.7
Transportation, Warehousing and Utilities	42.0	44.8	46.4	45.6	45.6
Information	12.4	12.8	12.9	14.6	14.0
Financial Activities	33.0	34.8	34.8	38.2	39.8
Professional and Business Services	81.7	89.4	97.0	101.7	105.6
Educational and Health Services	96.4	99.7	102.2	106.0	111.2
Leisure and Hospitality	90.7	95.8	100.8	104.4	106.1
Other Services	30.8	33.6	35.0	37.1	38.5
Government	174.7	183.1	192.1	200.2	212.4
Total Nonfarm	882.2	939.0	988.4	1,029.7	1,057.8
PERCENTAGE CHANGE					
Goods Producing	9.7%	9.8%	7.0%	3.3%	-1.0%
Natural Resources and Mining	-6.7%	-6.0%	-4.5%	-6.0%	-4.3%
Construction	14.0%	17.6%	11.8%	10.4%	2.1%
Manufacturing	7.7%	5.7%	4.2%	-1.3%	-3.3%
Durable Goods	9.0%	5.3%	3.1%	-1.7%	-3.2%
Nondurable Goods	4.5%	6.6%	7.1%	-0.4%	-3.4%
Service Providing	3.7%	5.6%	4.8%	4.4%	3.7%
Trade, Transportation and Utilities	3.6%	5.3%	5.3%	3.4%	2.2%
Wholesale Trade	3.5%	5.4%	10.0%	8.5%	-1.5%
Retail Trade	1.2%	4.9%	4.6%	3.8%	4.2%
Transportation, Warehousing and Utilities	11.2%	6.7%	3.6%	-1.7%	-0.1%
Information	7.2%	3.4%	0.5%	13.1%	-3.9%
Financial Activities	0.7%	5.5%	0.0%	9.7%	4.3%
Professional and Business Services	10.8%	9.5%	8.5%	4.8%	3.8%
Educational and Health Services	3.8%	3.5%	2.5%	3.8%	4.8%
Leisure and Hospitality	2.1%	5.5%	5.3%	3.6%	1.6%
Other Services	4.4%	9.2%	3.9%	6.1%	3.8%
Government	1.8%	4.9%	4.9%	4.2%	6.1%
Total Nonfarm	4.8%	6.4%	5.3%	4.2%	2.7%
LEVELS IN MILLIONS					
PERSONAL INCOME	66,827	70,928	76,681	80,842	81,570
Annual percentage change	8.5%	6.1%	8.1%	5.4%	0.9%
Per capita income (\$)	\$21,500	\$22,238	\$23,382	\$23,840	\$23,458
TAXABLE SALES	28,143	31,864	35,865	37,916	39,637
Year to year percentage change	7.1%	13.2%	12.6%	5.7%	4.5%

Regional
Economic
Forecast

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	2003e	2004f	2005f	Average Annual Change (1998-2002) (2002-2005)	
LEVELS IN THOUSANDS					
POPULATION	3,578	3,673	3,770	90	97
Annual percentage change	2.9%	2.7%	2.6%	2.9%	2.8%
HOUSEHOLD EMPLOYMENT					
Labor Force	1,663.8	1,697.1	1,865.9	64	73
Total Employment	1,566.7	1,602.0	1,768.9	61	73
Total Unemployment	97.2	95.0	97.0	3	0
Unemployment Rate	5.8%	5.6%	5.2%	-0.1%	-0.2%
WAGE & SALARY EMPLOYMENT					
Goods Producing	208.6	213.8	222.4	8.7	5.4
Natural Resources and Mining	1.1	1.1	1.0	-0.1	0.0
Construction	93.3	96.0	100.2	7.3	3.3
Manufacturing	114.2	116.7	121.2	1.4	2.2
Durable Goods	80.9	82.4	85.2	0.6	1.3
Nondurable Goods	33.3	34.3	36.0	0.7	0.9
Service Providing	860.8	887.0	921.3	35.2	23.2
Trade, Transportation and Utilities	228.1	236.5	246.8	8.3	7.5
Wholesale Trade	40.4	41.8	43.1	2.0	0.7
Retail Trade	142.8	148.0	154.0	5.4	5.4
Transportation, Warehousing and Utilities	45.0	46.7	49.7	0.9	1.4
Information	13.4	13.6	13.8	0.4	-0.1
Financial Activities	40.5	41.5	42.7	1.7	1.0
Professional and Business Services	105.8	109.8	116.1	6.0	3.5
Educational and Health Services	113.4	117.9	123.0	3.7	3.9
Leisure and Hospitality	105.1	108.8	113.3	3.8	2.4
Other Services	39.2	40.8	42.7	1.9	1.4
Government	215.3	218.2	223.0	9.4	3.5
Total Nonfarm	1,069.4	1,100.9	1,143.7	43.9	28.6
PERCENTAGE CHANGE					
Goods Producing	1.2%	2.5%	4.0%	5.1%	2.6%
Natural Resources and Mining	-2.2%	-3.5%	-2.7%	-4.8%	-2.7%
Construction	3.3%	2.9%	4.3%	12.0%	3.6%
Manufacturing	-0.4%	2.2%	3.8%	1.3%	1.9%
Durable Goods	-0.7%	1.9%	3.4%	0.8%	1.6%
Nondurable Goods	0.3%	3.0%	4.8%	2.4%	2.7%
Service Providing	1.1%	3.0%	3.9%	5.0%	2.7%
Trade, Transportation and Utilities	1.7%	3.7%	4.3%	4.3%	3.3%
Wholesale Trade	-1.4%	3.4%	3.3%	6.0%	1.7%
Retail Trade	3.7%	3.7%	4.0%	4.6%	3.9%
Transportation, Warehousing and Utilities	-1.4%	4.0%	6.3%	2.1%	3.0%
Information	-4.0%	1.0%	2.0%	3.2%	-0.4%
Financial Activities	1.9%	2.4%	2.9%	5.2%	2.5%
Professional and Business Services	0.2%	3.8%	5.7%	7.3%	3.3%
Educational and Health Services	2.0%	3.9%	4.3%	3.8%	3.5%
Leisure and Hospitality	-0.9%	3.5%	4.1%	4.2%	2.3%
Other Services	1.8%	4.0%	4.8%	6.3%	3.6%
Government	1.4%	1.4%	2.2%	5.4%	1.7%
Total Nonfarm	1.1%	2.9%	3.9%	5.0%	2.7%
LEVELS IN MILLIONS					
PERSONAL INCOME	84,785	90,060	95,730	3,686	4,720
Annual percentage change	3.9%	6.2%	6.3%	5.5%	5.8%
Per capita income (\$)	\$23,695	\$24,517	\$25,396	\$489	\$646
TAXABLE SALES	41,307	43,762	46,543	2,874	2,302
Year to year percentage change	4.2%	5.9%	6.4%	10.2%	5.8%

e = estimate, f = forecast.

CSUF ECONOMIC FORECAST FOR THE SOUTHERN CALIFORNIA COUNTIES

Ventura
County
Historical Data

	1998	1999	2000	2001	2002
LEVELS IN THOUSANDS					
POPULATION	729	743	757	771	784
Annual percentage change	1.0%	1.9%	1.9%	1.9%	1.7%
HOUSEHOLD EMPLOYMENT					
Labor Force	388.2	397.4	409.6	418.7	426.1
Total Employment	366.7	378.4	391.0	399.5	402.9
Total Unemployment	21.5	19.0	18.6	19.2	23.2
Unemployment Rate	5.5%	4.8%	4.5%	4.6%	5.5%
WAGE & SALARY EMPLOYMENT					
Goods Producing	52.3	55.0	57.7	57.4	54.0
Natural Resources and Mining	1.2	1.0	0.8	0.8	0.7
Construction	13.2	14.7	15.5	16.1	15.3
Manufacturing	38.0	39.3	41.4	40.5	38.0
Durable Goods	25.8	26.1	27.8	26.6	24.9
Nondurable Goods	12.1	13.3	13.5	13.9	13.1
Service Providing	200.0	208.6	217.3	222.6	226.3
Trade, Transportation and Utilities	45.2	46.9	49.7	50.8	51.8
Wholesale Trade	8.9	9.4	10.3	11.0	11.8
Retail Trade	31.0	32.1	33.8	33.8	34.2
Transportation, Warehousing and Utilities	5.3	5.4	5.6	5.9	5.9
Information	7.1	8.2	7.9	8.4	8.3
Financial Activities	14.7	16.1	16.7	19.7	21.7
Professional and Business Services	35.1	36.6	39.6	37.2	36.6
Educational and Health Services	23.3	24.0	24.2	25.3	26.0
Leisure and Hospitality	22.3	23.5	25.2	26.6	26.9
Other Services	9.2	9.5	9.7	9.6	9.6
Government	43.1	43.9	44.3	45.1	45.4
Total Nonfarm	252.3	263.6	275.0	279.9	280.3
PERCENTAGE CHANGE					
Goods Producing	6.5%	5.0%	4.8%	-0.5%	-5.9%
Natural Resources and Mining	-21.2%	-22.1%	-17.2%	0.0%	-7.3%
Construction	14.3%	11.8%	5.4%	3.7%	-4.9%
Manufacturing	5.2%	3.6%	5.2%	-2.0%	-6.3%
Durable Goods	3.6%	0.8%	6.7%	-4.4%	-6.5%
Nondurable Goods	8.8%	9.6%	2.1%	2.8%	-5.9%
Service Providing	3.3%	4.3%	4.2%	2.4%	1.7%
Trade, Transportation and Utilities	0.6%	3.7%	5.9%	2.1%	2.1%
Wholesale Trade	3.6%	5.5%	9.5%	6.6%	6.9%
Retail Trade	0.2%	3.7%	5.3%	0.0%	1.1%
Transportation, Warehousing and Utilities	-2.0%	1.3%	3.1%	6.7%	-0.7%
Information	9.9%	14.9%	-3.3%	5.7%	-1.0%
Financial Activities	12.8%	10.2%	3.5%	17.7%	10.5%
Professional and Business Services	10.6%	4.1%	8.2%	-6.1%	-1.5%
Educational and Health Services	1.3%	2.7%	1.0%	4.7%	2.7%
Leisure and Hospitality	1.2%	5.4%	7.3%	5.4%	1.3%
Other Services	1.9%	3.0%	2.8%	-1.0%	0.0%
Government	-0.6%	2.0%	0.9%	1.7%	0.6%
Total Nonfarm	4.0%	4.5%	4.3%	1.8%	0.1%
LEVELS IN MILLIONS					
PERSONAL INCOME	20,632	22,128	24,197	24,828	25,663
Annual percentage change	4.8%	7.3%	9.3%	2.6%	3.4%
Per capita income (\$)	\$28,297	\$29,790	\$31,977	\$32,198	\$32,738
TAXABLE SALES					
Year to year percentage change	6.1%	11.6%	9.1%	4.8%	1.1%

Regional
Economic
Forecast



	2003e	2004f	2005f	Average Annual Change (1998-2002) (2002-2005)	
LEVELS IN THOUSANDS					
POPULATION	797	810	823	14	13
Annual percentage change	1.7%	1.7%	1.6%	1.9%	1.7%
HOUSEHOLD EMPLOYMENT					
Labor Force	431.9	430.5	436.5	9	3
Total Employment	409.5	408.9	415.5	9	4
Total Unemployment	22.5	21.6	21.0	0	-1
Unemployment Rate	5.2%	5.0%	4.8%	0.0%	-0.2%
WAGE & SALARY EMPLOYMENT					
Goods Producing	51.3	51.1	52.2	0.4	-0.6
Natural Resources and Mining	0.7	0.7	0.6	-0.1	0.0
Construction	13.7	13.8	14.1	0.5	-0.4
Manufacturing	36.9	36.6	37.5	0.0	-0.2
Durable Goods	23.8	23.3	23.3	-0.2	-0.5
Nondurable Goods	13.0	13.3	14.2	0.3	0.4
Service Providing	224.1	228.6	235.9	6.6	3.2
Trade, Transportation and Utilities	52.2	53.0	54.5	1.6	0.9
Wholesale Trade	11.6	12.0	12.6	0.7	0.3
Retail Trade	34.6	35.0	35.8	0.8	0.5
Transportation, Warehousing and Utilities	6.0	6.0	6.1	0.1	0.1
Information	8.1	8.2	8.4	0.3	0.0
Financial Activities	22.0	22.8	24.1	1.8	0.8
Professional and Business Services	35.0	36.1	37.6	0.4	0.3
Educational and Health Services	26.8	27.7	29.2	0.7	1.1
Leisure and Hospitality	26.7	27.4	28.2	1.2	0.5
Other Services	8.4	8.6	9.0	0.1	-0.2
Government	44.9	44.8	44.9	0.6	-0.2
Total Nonfarm	275.4	279.7	288.1	7.0	2.6
PERCENTAGE CHANGE					
Goods Producing	-5.0%	-0.4%	2.2%	0.8%	-1.1%
Natural Resources and Mining	-4.7%	-6.9%	-8.0%	-10.1%	-6.1%
Construction	-10.2%	0.8%	2.0%	4.1%	-2.5%
Manufacturing	-2.8%	-0.7%	2.4%	0.0%	-0.4%
Durable Goods	-4.1%	-2.4%	0.1%	-1.0%	-2.1%
Nondurable Goods	-0.5%	2.2%	6.5%	2.1%	2.8%
Service Providing	-1.0%	2.0%	3.2%	3.3%	1.4%
Trade, Transportation and Utilities	0.7%	1.6%	2.8%	3.6%	1.7%
Wholesale Trade	-1.8%	3.9%	4.8%	7.9%	2.3%
Retail Trade	1.3%	1.1%	2.3%	2.6%	1.6%
Transportation, Warehousing and Utilities	1.8%	0.1%	1.6%	2.7%	1.2%
Information	-1.9%	1.5%	2.0%	4.1%	0.5%
Financial Activities	1.3%	3.5%	5.7%	12.1%	3.6%
Professional and Business Services	-4.3%	3.1%	4.2%	1.0%	1.0%
Educational and Health Services	3.1%	3.3%	5.2%	2.9%	4.0%
Leisure and Hospitality	-0.8%	2.6%	3.2%	5.2%	1.7%
Other Services	-13.1%	2.9%	4.0%	1.2%	-2.3%
Government	-1.0%	-0.4%	0.3%	1.3%	-0.3%
Total Nonfarm	-1.7%	1.6%	3.0%	2.8%	0.9%
LEVELS IN MILLIONS					
PERSONAL INCOME	26,569	27,839	29,192	1,258	1,176
Annual percentage change	3.5%	4.8%	4.9%	6.1%	4.6%
Per capita income (\$)	\$33,340	\$34,363	\$35,478	\$1,110	\$913
TAXABLE SALES	10,011	10,493	10,939	541	434
Year to year percentage change	3.9%	4.8%	4.2%	7.2%	4.5%

e = estimate, f = forecast.



The California Department of Transportation (Caltrans) is proud to be partnering with the Southern California Association of Governments (SCAG) as a sponsor of the Economic Forecast Conference.



Caltrans continues to recognize the importance of its partnership with SCAG, as the federally mandated "Metropolitan Organization" (MPO) in Southern California. SCAG's membership counties, cities and Councils of Government provide a means for communicating the transportation needs of citizens of the region.



The development of an effective, multi-modal transportation system in Southern California depends on cooperative, coordinated planning to ensure mobility in the region is maintained and enhanced to improve the economic vitality and quality of life that Southern California citizens and businesses expect.



Caltrans is responsible for the design, construction, maintenance and operation of the California Highway System, as well as the portion of the Interstate Highway System located within the state's boundaries. The Caltrans staff in the Southern California districts (Los Angeles, Ventura, Orange, San Bernardino, Riverside and Imperial counties) work closely with the staff at SCAG.



As Southern California's transportation needs have expanded, so has Caltrans' focus. In the face of a burgeoning population, increased congestion and stubborn environmental pollution, Caltrans is taking steps to address these issues. In addition to a changing mix of transportation modes - highways, rail, mass transit, livable communities and aeronautics - Caltrans is also taking into account complex issues such as land use, environmental standards and the formation of partnerships between private industry and local, state and federal agencies. The Caltrans/SCAG partnership has effectively established a cooperative environment that includes a "bottom-up" planning process to ensure the recognition and development of facilities that are most effective for the entire region.



Caltrans recognizes its purpose is to promote California's economic vitality and to enhance the quality of life by providing for the mobility of people, goods, services and information. The innovative work and studies that SCAG and its regions produce has statewide significance.

Caltrans will continue its traditional role as owner and operator of the 15,000-mile State Highway System. Highways will continue to be the backbone of the state's multi-modal transportation system. However, in the new century Caltrans will place a renewed emphasis on partnerships, "non-structural" solutions to problems and on non-highway transportation. Working together with SCAG, the Caltrans team is confident this new direction will be easily accomplished.

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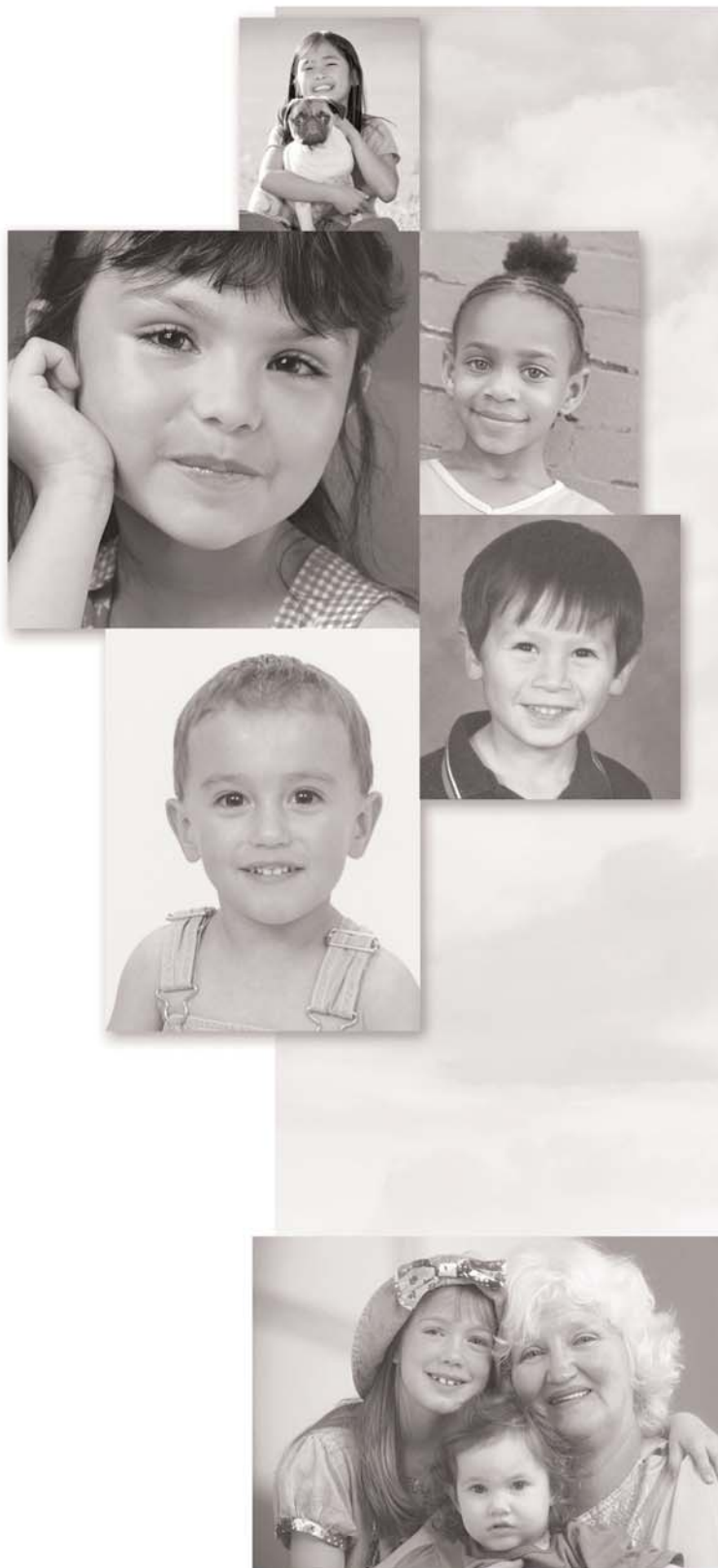
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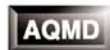
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